Dennis Dimick, a picture editor at NGS since 1990, was convinced in 1997 that the CNG constituted a copyright infringement, and that any "argument that this CDROM is one and the same as the magazine is disingenuous."[9] As explained by Mr. Dimick, "you are creating this product expressly for the purpose to make a profit, and you are part of an arm of this organization created expressly for the purpose of making a profit. . . ." *Id.*

Even NGS' attorneys acknowledged a § 201(c) infringement with the CNG products at issue.[10]

Interestingly, as admitted by NGS's own vice president and corporate counsel in June of 1997, "[t]he present standard free-lance photographer contract (January 1996 to date) gives the photographer more money up-front, returns copyrights to all images taken on the shoot to the photographer, and retains in NGS a nonexclusive right to use published and unpublished images from the shoot in an 'NGS product.'"[11] NGS even offered Plaintiff Matrix a new Materials License Agreement in September of 1997 to

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thought you should be aware that a (low level) concern exists that we may or may not have the rights to reproduce, in particular, photographs for a new CD-ROM project without payment.")

[9] Memorandum from Dennis Dimick of NGS to editor-in-chief Bill Allen dated March 19, 1997 (emphasis added), Appx. 0573-0575.

[10] *See* Memorandum dated March 11, 1997, from Mark F. Radcliffe, to Suzanne Dupree, Esq., of NGS ("I do not believe that any of the agreements from the stock houses would permit the use of stock photographs in an archival CD-ROM of prior National Geographic issues."), Appx. 0568-0569.

[11] Letter dated June 19, 1997, from vice president and general counsel for NGS, Suzanne Dupre, Esq., to current counsel Robert Sugarman, Esq., relative to copyright infringement issues with the CNG, Appx. 1574 n.1.

provide additional limited compensation ($1,750.00) for the photographs contained in the CNG.[12]

NGS hired an agency called "Total Clearance" to negotiate rights to numerous photographs to be incorporated in the CNG. NGS was able to clear some rights, and finally "assumed the risks" with respect to photographs for which NGS could not obtain the rights.[13]

Regarding copyright registration:

> The Society claimed that the work had not been registered before, but indicated that it was a derivative work, namely a 'compilation of pre-existing material primarily pictoral,' to which a 'brief introductory audiovisual montage' had been added. No reference was made to, nor was there any disclosure of, the copyrightable Mindscape Program or the two pre-existing, copyrightable sub-programs that it incorporates, all of which are also components of the CNG. The box in which the CNG is packaged and each individual CD-ROM bear the mark "© 1997 National Geographic Society"– indicating the creation of a new work of authorship in 1997.

Greenberg v. National Geographic Society, 244 F.3d 1267, 1270 (11th Cir.), *cert. denied*, 122 S. Ct. 347 (2001).[14]

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[12] NGS Proposed "Materials License Agreement" dated September 2, 1997, to Plaintiff Matrix International, Appx. 1974-1976.

[13] Appx. 1960.

[14] "Under Section '5' of the copyright registration form [for the CNG], in response to the question: 'Has registration for this work, or for an earlier version of this work, already been made in the Copyright Office?', the Society replied, 'No.'" 244 F.3d at 1274, Appx. A.

The CNG has diluted the secondary market for the affected photographers, wherein they make their living. It intentionally targets a new consumer mass market, not just librarians or archive institutions, grossing Respondents millions of new revenue dollars. More than 1.4 million units of the various iterations of the CNG have been sold, generated revenues of at least $75 million.[15] This new, mass-marketed CNG was not a mere archive of prior issues for librarians, such as microform.

III. Procedural Posture, and Chronology of *Faulkner v. National Geographic, Tasini v. New York Times* and *Greenberg v. National Geographic.*

Petitioners filed the first of the instant lawsuits on December 16, 1997. Soon thereafter, Respondents moved to stay the matter in order to await a ruling from an appeal of *Tasini*, wherein District Judge Sotomayor held that § 201(c) encompassed the reproduction of magazine and newspaper articles in electronic databases and CD-ROMs, such as those offered by LEXIS-NEXIS. *Tasini v. New York Times Co.*, 972 F. Supp. 804, 812-17 (S.D.N.Y. 1997).

Just nine (9) days before the initial filing of the instant lawsuit, a photographer named Jerry Greenberg filed a similar suit against the same Respondents in the Southern District of Florida based upon the same CNG, same facts, and same claims asserted in this case.

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[15] Report of Kerry Ruoff, Plaintiffs' expert, Appx. 1886.

After the plaintiff-authors in *Tasini* appealed, the instant Respondents requested that the district court stay the instant matter until this Circuit issued its opinion in *Tasini,* inasmuch as Respondents intended to file a motion to dismiss the instant case on the strength of District Judge Sotomayor's *Tasini* ruling.

On March 11, 1998, the district court in this matter granted the stay, holding that: "Respondents in this case have represented to the Court that they intend to file a motion to dismiss on grounds identical to those asserted by the Respondents in *Tasini*. Accordingly, the Court stays this action pending the Second Circuit's disposition of *Tasini*. . . ."

On September 24, 1999, the Second Circuit issued its opinion in *Tasini*, reversing the district court. *See Tasini v. New York Times Co.*, 206 F.3d 161 (2d Cir. 2000). The court construed § 201(c) in favor of freelance contributors to collective works, holding that § 201(c) did not immunize the defendant-publishers from copyright infringement claims. The district court below then lifted its stay.

In the meantime, on March 22, 2001, the Eleventh Circuit reversed the district court's grant of a summary judgment in *Greenberg*, holding that the CNG "is not merely a revision of the prior collective work but instead constitutes a new collective work that lies beyond the scope of § 201(c)." 244 F.3d at 1268. The court duly noted that § 201(c) grants a limited privilege, not a right. *Id.* The court reasoned that "common sense copyright analysis compels the conclusion that the Society, in collaboration with Mindscape, has created a new product ('an original work of authorship'), in a new medium, for a new market that far transcends any privilege of revision or other mere

reproduction envisioned in § 201(c)." *Id.* at 1273. By "creating a new work [NGS] forfeited any privilege that it *might* have enjoyed with respect to only one component thereof, the Replica." *Id.* at 1274 (emphasis in original).

The same Respondents in *Greenberg* filed a petition for rehearing with a suggestion for rehearing *en banc*, which was denied. Respondents then filed a petition for writ of certiorari with this Court, which was also denied. *National Geographic Society v. Greenberg*, 122 S. Ct. 347 (Oct. 9, 2001).

On June 25, 2001, this Court affirmed the Second Circuit's *Tasini* ruling, holding that the privilege accorded by § 201(c) did not immunize periodical publishers to engage in subsequent electronic re-release of previously published material. 533 U.S. 483. This Court concluded that "[t]he massive whole of the Database is not recognizable as a new version of its every small part." *Id.* at 500. This Court noted that: "[o]ne might view the articles as parts of a new compendium – namely the entirety of works in the Database," and that "[i]n that compendium, each edition of each periodical represents only a miniscule fraction of the ever-expanding Database." *Id. Tasini* used the following analogy: "the Database no more constitutes a 'revision' of each constituent edition than a 400-page novel quoting a sonnet in passing would represent a 'revision' of that poem." *Id.*

Respondents below then attempted to re-litigate the very same issue that the Eleventh Circuit already decided against them by putting a different spin on this Court's *Tasini* opinion. The district court agreed in part with Respondents and, based upon its misinterpretation of *Tasini* as an intervening change of law, erroneously refused

to apply *Greenberg* and the doctrine of collateral estoppel. The district court below misinterpreted the plain language and § 201(c), and held that:

> [t]his issue is one of substantial importance to the development of copyright law and to its impact on the dissemination of knowledge. The Second Circuit, to which any appeal here would be taken, of course is a jurisdiction coordinate to that of the Eleventh Circuit. In the event of a circuit conflict, the matter likely would go to the Supreme Court.

Faulkner v. National Geographic Society, 294 F. Supp.2d 523, 526 (S.D.N.Y. 2003).

The Second Circuit affirmed in part, and reversed in part, the district court ruling. *Faulkner v. National Geographic Enterprises Inc.,* 409 F.3d 26 (2d Cir. 2005). The court distinguished *Greenberg* and held that the very same CNG was a privileged "revision" under § 201(c), with the exception of seven (7) photos by Plaintiff Psihoyos.[16] In doing so, the court acknowledged that there were "many iterations" of the product, each with different content and some with different multimedia elements, and that:

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[16] Two photographs of Petitioner Psihoyos were excepted from the district court's ruling due to express contractual language. 294 F. Supp.2d at 531 n.30. However, factually, there were seven such photographs. The Second Circuit reversed the district court as to the other five photographs only. These seven photos are not part of this petition for writ of certiorari. Notwithstanding any wording in the trial court judgment to the contrary, all state law breach of contract claims remain pending and are stayed until the outcome of this appeal. *See* 2004 WL 194029 (S.D.N.Y. 2004). Of note, all state law breach of contract claims remain pending and are stayed until the outcome of this appeal. *See* 2004 WL 194029 (S.D.N.Y. 2004).

> [t]he CNG was originally distributed and marketed as an "unprecedented" collection. Some of the marketing materials urge consumers to print "any article or photograph." In addition, in some copies of the CNG marketed by Encore Software, an End User License Agreement is included which states that, "[a]s a user of this product, you are free to use, modify and publish the Images as you wish" and "incorporate any Image(s) into your own original work and publish, display and distribute your work in any media."

409 F.3d at 32. The Second Circuit also held that the privileges were transferable. *Id.*

REASONS FOR GRANTING THE PETITION

Pursuant to Rule 10, cases worthy of review include those in which there is a "conflict with a decision of another United States court of appeals on the same important matter," or "a . . . United States court of appeals has decided an important question of federal law that . . . conflicts with relevant decisions of this Court." Rule 10, Rules of the Supreme Court of the United States. Both conflicts exist in this matter.

I. The Circuits Are Divided Over Whether the Same CD-ROM/DVD Electronic Compendium Constitutes Copyright Infringement.

The Second Circuit agreed with Respondents, holding that the CNG was a privileged "revision" pursuant to

§ 201(c), and held that the privileges were transferable. 409 F.3d 26.[17]

This ruling is in direct conflict with the Eleventh Circuit's opinion in *Greenberg*. *Greenberg* held that the CNG was not a privileged "revision" but rather a new collective work, a new anthology.

There now exist two circuits interpreting the same facts and CNG, the same federal statute and the same Respondents' actions, but coming to opposite results in an area of great importance to the publishers and authors across the country.

The trial court below envisioned this conflict when he explained that "[t]his issue is one of substantial importance to the development of copyright law and to its impact on the dissemination of knowledge" and intimated that if the Second Circuit affirmed, there would likely be a circuit conflict. 294 F. Supp.2d at 536.

II. The Court Misinterpreted *Tasini* as an Intervening Change of Law to Create the Conflict, and Uncertainty Has Been Created in the Test to Determine What is a Privileged "Revision" under the Copyright Act of 1976.

The Second Circuit below stated that *Tasini* had changed the "legal landscape," even though *Greenberg* and *Tasini* each gave § 201(c) the same narrow construction

[17] However, it cannot be disputed that the CNG adds no updated information to each Magazine; the CNG is not an updated "version" of the Magazine, like a revised or updated dictionary, periodical, or encyclopedia. Additionally, the CNG contains additional features that change the context, some of which encourage copyright infringement.

using similar language to reach the same result. Because of the Second Circuit's misinterpretation of *Tasini*, we now have a conflict with recent Court precedent as to the interpretation of a "revision" under § 201(c).

This was not a new medium used to archive an "in context" reproduction. For that matter, "in context" does not necessarily equate to a privileged "revision" under *Tasini*. The CNG was a creation of a new product that was mass-marketed to a new group of consumers, not librarians, which reaped millions of dollars in revenues for the publishers. The CNG promoted copyright infringement, encouraging users to cut-and-paste photos to use them in reports, and added many features not originally found in each Magazine, including independently copyrighted elements. NGS registered its copyright in the initial iteration of the CNG as a new work. The secondary market for the photos is destroyed, a major source of the photographers' income. The photographers were not paid, whereas Respondents reaped millions of dollars in revenues.

As explained by this Court in *Tasini*:

> One might view the articles as parts of a new compendium – namely, the entirety of works in the Database. In that compendium, each edition of each periodical represents only a miniscule fraction of the ever-expanding Database. The Database no more constitutes a "revision" of each constituent edition than a 400-page novel quoting a sonnet in passing would represent a "revision" of that poem. "Revision" denotes a new "version," and a version is, in this setting, a "distinct form of something regarded by its creator or others as one work." Webster's Third New International Dictionary 1944, 2545 (1976). The

> massive whole of the Database is not recognizable as a new version of its every small part.

533 U.S. at 500.

Regarding § 201(c), the House of Representatives Conference Report explained as follows:

> Under the language of this clause a publishing company could reprint a contribution from one issue in a later issue of its magazine, and could reprint an article from a 1980 edition of an encyclopedia in a 1990 revision of it; the publisher could not revise the contribution itself or include it in a new anthology or an entirely different magazine or other collective work.

H.R. Rep. No. 94-1476 (Sept. 3, 1976), at pp. 122-123, *reprinted in* 1976 U.S.C.A.A.N. 5659, 5738.

MaryBeth Peters, United States Register of Copyrights, when asked to comment on the issues involved in *Tasini*, opined that:

> [a]lthough, in the words of Barbara Ringer, former Register and a chief architect of the 1976 Act, the Act represented 'a break with the two-hundred- year old tradition that has identified copyright more closely with the publisher than with the author' and focused more on safeguarding the rights of authors, freelance authors have experienced significant economic loss since its enactment. This is due not only to their unequal bargaining power, but also to the digital revolution that has given publishers opportunities to exploit authors' works in ways barely foreseen in 1976. At one time these authors, who received a

> flat payment and no royalties or other benefits from the publisher, enjoyed a considerable secondary market. After giving an article to a publisher for use in a particular collective work, an author could sell the same article to a regional publication, another newspaper, or a syndicate. Section 201(c) was intended to limit a publisher's exploitation of freelance authors' works to ensure that authors retained control over subsequent commercial exploitation of their works.
>
> . . . .
>
> Although "revision" is not defined in Title 17, both common sense and the dictionary tell us that a database such as NEXIS, which contains every article published in a multitude of periodicals over a long period of time, is not a revision of today's edition of The New York Times or last week's Sports Illustrated. A "revision" is "a revised version" and to "revise" is "to make a new, amended, improved, or up-to-date version of" a work. . . .

See February 14, 2001, Statement of MaryBeth Peters, Register of Copyrights to Congressmen McGovern, commenting on *Tasini*, published in 147 Cong. Rec. E182-02, 2001 WL 124374 (Cong. Rec.).

Under § 201(c), its legislative history, and *Tasini*'s interpretation thereof, the CNG qualifies as a new anthology or other collective work, not a privileged "revision." The massive whole of the CNG is not recognizable as a new version of each Magazine. "Revision" denotes a new "version," and a version is, in this setting, a "distinct form of something regarded by its creator or others as one work." *Id.* The CNG fails this definition. The purpose of

the 1976 amendment, i.e., to limit a publisher's exploitation of authors' works to ensure that authors retain control over subsequent commercial exploitation of their works, is destroyed by the Second Circuit's analysis. Recall, § 201(c) created a limited privilege, not a right. The Second Circuit created a right.

Additionally, the court's decision below creates uncertainty contrary to the primary goals of predictability and certainty embodied by the Act. *See Community For Creative Non-Violence v. Reid*, 490 U.S. 730, 749 (1989) (primary goals are predictability and certainty). As explained by the American Anthropological Association ("AAA"): "there is a need for clearer guidance as organizations such as the AAA move forward on digitization, and a Supreme Court ruling would address this need."[18]

III. The Issue Presented by the Conflict is Recurring and is of Great Practical Importance.

The effect of the conflict is profound. Much litigation will arise over what is and what is not a "revision." The technology and marketing involved is growing daily. We transact business and purchase consumer items over the *Internet*, and computer usage is on the rise on personal and business levels. No more typewriting reports; no more attaching at the end of reports photos and exhibits. Now photos or other works can be scanned and copied right into reports, or downloaded onto a person's computer or cellular phone. The CNG encourages this. Also, the electronic commerce utilized by Respondents is easily manipulated and altered.

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[18] *See Internet*, http://www.aaanet.org/press/an/0505/WashWire.htm.

Creation will suffer a setback. If creators of works fear that their contributions will drown in a sea of electronic bundling and repackaging, they are certainly less likely to create. This Court in *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 125 S. Ct. 2764, 2775 (2005), recently stated that "digital distribution of copyrighted material threatens copyright holders as never before, because every copy is identical to the original, [and] copying is easy. . . ."

The monies involved are enormous. Corporations are making substantial revenues with new products incorporating this technology with cut-and-paste features. The secondary markets for the works are being destroyed.

The impact of overturning the Second Circuit will not hurt technology or innovation. It only will require that companies making millions of dollars in revenues from a new product that is mass-marketed to a new group of consumers to compensate the author.

Moreover, failure to overturn the Second Circuit decision will result in extensive forum shopping.

CONCLUSION

For the foregoing independent reasons, pursuant to Rule 10, Petitioners respectfully request this Court to grant their petition for writ of certiorari.

Respectfully submitted this 13th day of October, 2005.

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App. 1

United States Court of Appeals,
Second Circuit.

Douglas FAULKNER, Louis Psihoyos, Matrix International, Inc., as agent for Roger Hutchings, Sarah Leen and Rick Rickman, Sally Faulkner, David Hiser, David G. Allen, as successor and interest to Arthur Allen, Richard Conniff, Jon Krakauer, John Knoebber, Elizabeth Royte, Joe Baraban, Pamela Wilson Sartorelli, Doranne Jacobson, Jerome Jacobson, David Robert Austin, and Fred Ward, Plaintiffs-Appellants,

v.

NATIONAL GEOGRAPHIC ENTERPRISES INC., Dataware Technologies Inc., National Geographic Society, National Geographic Interactive, Eastman Kodak Co., and National Geographic Holdings, Inc., doing business as National Geographic Interactive, doing business as National Geographic Enterprises Inc., Defendants-Appellees.

Docket Nos. 04-0263-CV(L), 04-0388-CV(CON), 04-0265-CV(CON), 04-0475-CV(CON), 04-0318-CV(CON), 04-0481-CV(CON).

Argued: Oct. 27, 2004.
Decided: March 4, 2005.

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Robert G. Sugarman, Weil, Gotshal & Manges LLP (Pierre M. Davis, Denise Alvarez, on the brief) (Terrence B. Adamson, Angelo M. Grima, Karen-Kerley Shwartz, National Geographic Society, Washington, D.C., of counsel) (Kenneth W. Starr, Christopher Landau, Kirkland & Ellis, LLP, Washington, D.C., of counsel), New York, New York, for Defendants-Appellees.

Victor S. Perlman, American Society of Media Photographers, Inc., Philadelphia, Pennsylvania, for Amici Curiae American Society of Media Photographers, Inc., et al.

Surjit P. Soni, The Soni Law Firm, Pasadena, California, for Amici Curiae Plaintiffs in Auscape.

Joseph M. Beck, Kilpatrick Stockton LLP (Alex S. Fonoroff, on the brief) (Nancy A. Kopans, JSTOR, New York, New York, on the brief), Atlanta, Georgia, for Amici Curiae JSTOR, et al.

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Charles S. Sims, Proskauer Rose LLP (Meredith R. Miller, on the brief), New York, New York, for Amici Curiae Advance Publications, Inc., et al.

Before: WINTER, KATZMANN, and RAGGI, Circuit Judges.

WINTER, Circuit Judge.

Appellants are freelance photographers and authors whose photographs and/or written works were originally

published in various issues of the National Geographic Magazine. These photographs and writings have now been published in "The Complete National Geographic" ("CNG"), a digital collection of the past issues of the Magazine that offers users various means of searching, viewing, and displaying pages of these issues. Appellants and their representatives brought copyright infringement actions under the Copyright Act of 1976, as amended, 17 U.S.C. § 101 et seq. ("Act"), and the Copyright Act of 1909 ("1909 Act"), against various defendants listed in the margin.[1] The district court granted summary judgment in favor of defendants.

Although a number of issues are raised and resolved on this appeal, the principal questions are whether the district court erred in not applying the doctrine of collateral estoppel to give *Greenberg v. National Geographic Society,* 244 F.3d 1267 (11th Cir.2001), preclusive effect, and in finding the CNG to be a privileged revision under Section 201(c) of the Copyright Act. We agree with the district court. The decision in *New York Times Co. v. Tasini,* 533 U.S. 483, 488, 121 S.Ct. 2381, 150 L.Ed.2d 500 (2001), represented an intervening (post-*Greenberg*) change in law precluding the application of collateral estoppel, and the CNG is a revision for Section 201(c) purposes. We also resolve the other issues against appellants, and therefore affirm, except for issues relating to seven photographs that were subject to express contractual

[1] These defendants are: the National Geographic Society ("NGS"); National Geographic Holdings, Inc. ("Holdings"); National Geographic Ventures ("NGV"), National Geographic Interactive ("Interactive"); National Geographic Enterprises, Inc. ("NGE"); Mindscape, Inc. ("Mindscape"); Dataware Technologies, Inc. ("Dataware"); and Eastman Kodak Company ("Kodak").

provisions preserving electronic rights in the copyright owners. As to those, we reverse and remand.

BACKGROUND

National Geographic Magazine ("the Magazine") is the monthly publication of the National Geographic Society ("NGS"). In addition to being sold in single bound paper copies, it has been sold in microform format for decades. At different times, NGS has also sold compiled, bound, paper volumes containing multiple issues of the Magazine. Since 1962, NGS has granted rights to the Library of Congress to publish a Braille edition of the Magazine. In 1996, NGS undertook a project to reproduce in CD-ROM format all issues of the Magazine published from its founding in 1888 to 1996. In 1997, NGS produced and began to sell the product, "The Complete National Geographic: 108 Years of National Geographic Magazine on CD-ROM." It was the first of many iterations of the CNG sold.[2]

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[2] The Society has published the following additional CNG products: "The Complete National Geographic: 109 Years of National Geographic Magazine on CD-ROM"; "The Complete National Geographic: 109 Years of National Geographic Magazine on DVD"; "The Complete National Geographic: 110 Years of National Geographic Magazine on CD-ROM"; "The Complete National Geographic: 110 Years of National Geographic Magazine on DVD"; "The Complete National Geographic: 111 Years of National Geographic Magazine on CD-ROM"; "The Complete National Geographic: 112 Years of National Geographic Magazine on CD-ROM"; decade sets of the CNG containing issues of the Magazine from various decades in its history in CD-ROM format; a 30 year set containing 30 years of Magazine issues; a Curriculum Supplement including a CNG CD-ROM disk for 1997, a teacher's guide, and instructional materials; and individual CD-ROM discs sold with the intent of allowing users of earlier iterations of the CNG to add subsequently published issues of the Magazine as they became available.

The CNG was produced through digital scanning. Each issue of the magazine was scanned two pages at a time into a computer system. As a result, the CNG user sees exactly what he or she would see if viewing an open page of the paper version, including the fold of the magazine. Because of some contractual arrangements excluding electronic reproduction, approximately 60 out of 180,000 images have been blacked out in some iterations of the CNG. None of these images are at issue in this case. Except for the blacked-out images, there are no changes in the content, format, or appearance of the issues of the magazine.[3] The pages appear as they do in the print version, including all text, photographs, graphics, advertising, credits and attributions. Issues of the Magazine appear chronologically with the first issue published appearing at the beginning of the first disk and the last appearing at the end of the last disk. The individual images and texts are therefore viewed in a context almost identical – but for the use of a computer screen and the power to move from one issue to another and find various items quickly – to that in which they were originally published.

Because the scanning process does not replicate the high resolution found in the paper magazines, the digital images may appear slightly fuzzy when compared to the high resolution of the original. PicTools Development Kit ("PicTools"), an image compression and decompression tool, compresses the scanned images onto the disc for

[3] It should be noted that during some time periods of its publication, for each issue of the Magazine, regional issues were published containing somewhat different advertising. The CNG contains only one of each issue, not all of the regional issues.

increased storage and expands them back to their original size when the images are accessed on the CDs. PicTools is a copyrighted storage mechanism. It does not add any creative elements to the Magazines.

Stories can be retrieved through the table of contents of each magazine or by using an electronic search engine. The search engine allows a user to find stories containing certain words or phrases within the texts of articles; descriptions of articles, including title, contributors, date, and major related subjects; advertisements; cover and page images; and page maps. To view a particular story, a user must insert the disk containing the issue in which the story appeared.

Each iteration of the CNG contains introductory and conclusory material. At the beginning of each disk of the first iteration of the CNG, CD-ROM 108, a series of multimedia sequences appears. It begins with a moving display of the NGS logo followed by a Kodak advertisement, and then a sequence depicting the digital transition of ten Magazine covers into each other (the "Moving Cover Sequence"). These multimedia sequences play the first time a user boots up the CNG and at the beginning of each subsequent session. During subsequent sessions, however, the user can skip the introductory sequence by clicking on it with the mouse. A graphic display depicting moving spines of the issues of the magazines (the "Moving Spines Sequence") followed by credits is displayed when the CNG program is exited. The subsequent iterations contain similar or identical multimedia sequences. Additional multimedia tools such as the capability to bookmark and rotate pages and darken text have been added to some subsequent iterations.

NGS is a nonprofit organization that produces the Magazine. The other defendants, *see* Note 1, *supra,* are sued as a result of their relation both to NGS and the CNG. In 1995, NGS placed its television division, and subsequently its interactive and a portion of its cartography divisions, in taxable for-profit wholly owned subsidiaries. Holdings, NGV, NGE, and Interactive were such wholly-owned taxable subsidiaries. NGV, before its dissolution, wholly owned NGE. Interactive was a division of NGE.[4] By a license agreement, NGS gave NGV nonexclusive rights to its copyrights in the Magazine for the development and use in "multimedia" products. The rights granted were for reproduction only in archival form and without alteration. Other parties and their relationship to the CNG are described in the margin.[5]

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[4] Holdings, Interactive, and NGE are now the same wholly-owned subsidiary of NGS, incorporated as NGHT, Inc.

[5] Mindscape was a computer software publisher and distributor that entered into an agreement with NGE to manufacture, market, and distribute the CNG. NGE's division, Interactive, authorized Mindscape to manufacture, market and distribute the CNG, subject to Interactive's approval, in return for the receipt of royalties from the sale of the CNG. The agreement did not grant Mindscape any rights in the individual works of photographers and authors. It did, however, authorize Mindscape to sub-license the CNG to multiple tiers of sublicensees. Mindscape mass-marketed the CNG through retail outlets and internet websites. It has also contracted with original equipment manufacturers to bundle the CNG with their computer hardware and sell the products as a single unit. Mindscape has been dissolved and no longer exists. In 2001, Encore Software succeeded Mindscape as the distributer of the CNG.

Dataware was a developer of interactive software designed for information retrieval and electronic publishing applications. Dataware entered into an agreement with Interactive to participate in the design and to manage development of the CNG. Dataware is in bankruptcy

(Continued on following page)

Eastman Kodak, a manufacturer and developer of film and camera equipment, entered into an agreement to pay a fee to Interactive. In return, Eastman Kodak obtained the right to place a promotional message at the beginning of the CD-ROM Disks as well as on the outside of the CNG product packaging. It also received 5,000 complimentary units of CD-ROM 108.

In 1997, the CNG project was presented to and approved by the Society's Board of Trustees. One trustee was former United States Court of Appeals Judge Leon Higginbotham, now deceased. He had at one time been a partner with Judge Kaplan in the New York law firm of Paul, Weiss, Rifkin, and Garrison.

After gaining Board approval, NGS registered the CNG with the Copyright office. Its registration form states that the CNG is a "compilation of pre-existing material primarily pictorial" and that additional material added to it is a "brief introductory audiovisual montage."

The CNG was originally distributed and marketed as an "unprecedented" collection. Some of the marketing materials urge consumers to print "any article or photograph." In addition, in some copies of the CNG marketed by Encore Software, an End User License Agreement is included which states that, "[a]s a user of this product, you are free to use, modify and publish the Images as you wish" and "incorporate any Image(s) into your own original work and publish, display and distribute your work in any media."

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and accordingly this action is stayed as against it. *See Faulkner v. Nat'l Geographic Soc'y*, 294 F.Supp.2d 523, 526 n. 9 (S.D.N.Y.2003).

In response to the production and marketing of the CNG, various contributors to the magazine or their representatives filed actions against some or all of the following defendants: NGS, NGE, Interactive, Mindscape, Kodak, and Dataware for copyright infringement. *Greenberg v. National Geographic Society* was filed on December 5, 1997 in the Southern District of Florida. *Faulkner v. National Geographic Society* was filed on December 19, 1997 in the Southern District of New York. *Ward v. National Geographic Society,* was filed on December 27, 1999 in the Southern District of New York. *Hiser v. National Geographic Society* was filed on December 29, 1999 in the Southern District of New York. *Auscape v. National Geographic Society* was filed on January 31, 2002 in the Central District of California. It was transferred to the Southern District of New York on August 2, 2002. *Psihoyos v. National Geographic Society* was filed on March 7, 2002 in the District of Colorado. It was transferred to the Southern District of New York on August 9, 2002. All cases filed in or transferred to the Southern District of New York were assigned to Judge Kaplan.

Greenberg was the only case not filed in, or transferred to, the Southern District of New York. On June 8, 1999, the Florida district court granted summary judgment for defendants with regard to the copyright claims. On March 22, 2001, the Eleventh Circuit reversed. *Greenberg v. Nat'l Geographic Soc'y,* 244 F.3d 1267, 1268 (11th Cir.2001). The Supreme Court denied certiorari on October 12, 2001. *Nat'l Geographic Soc'y v. Greenberg,* 534 U.S. 951, 122 S.Ct. 347, 151 L.Ed.2d 262 (2001).

In the Southern District of New York, defendants filed motions to dismiss and for summary judgment in *Faulkner, Ward*, and *Hiser* in March, 2001. Ward cross-moved for

summary judgment. Judge Kaplan issued two opinions ("the 1909 Act Opinions") on July 13, 2002. *Ward v. Nat'l Geographic Soc'y,* 208 F.Supp.2d 429 (S.D.N.Y.2002); *Faulkner v. Nat'l Geographic Soc'y,* 211 F.Supp.2d 450 (S.D.N.Y.2002). The court held that issues of fact precluded entry of summary judgment for defendants with regard to some of the infringement claims. It also dismissed the claim brought by some plaintiffs against Kodak for contributory infringement. *Id.* at 473-75.

On April 11, 2002, defendants again filed motions to dismiss and for summary judgment in *Ward, Faulkner* and *Hiser*; the plaintiffs in those actions also moved for summary judgment. Defendants filed a motion to dismiss and for summary judgment in *Psihoyos* on May 20, 2003. The district court granted defendants' motions for summary judgment in *Ward, Faulkner, Hiser,* and *Psihoyos* on December 11, 2003 under Rule 54(b). *Faulkner v. Nat'l Geographic Soc'y,* 294 F.Supp.2d 523 (S.D.N.Y.2003). It held that the CNG was a privileged revision under Section 201(c), and, therefore, defendants did not infringe plaintiffs' copyright in publishing their underlying works in the CNG. *Id.* at 543.

The Faulkner and *Hiser* plaintiffs moved for reconsideration on the grounds that the Court erred as a matter of law and should have recused itself. The recusal motion was based on: (i) Judge Kaplan's disclosure to the litigants, in a letter dated November 24, 2003, that he had just discovered Judge Higginbotham's role in NGS; and (ii) the subsequent discovery that while in private practice, Judge Kaplan had represented a subsidiary of defendant Eastman Kodak. The motion was denied on December 23, 2003, *Faulkner v. Nat'l Geographic Soc'y,* 296 F.Supp.2d

488 (S.D.N.Y.2003) ("Recusal Order"), and a final judgment entered. The *Auscape* suit remains pending.

At issue on this appeal are the judgments entered against the *Faulkner, Ward, Hiser*, and *Psihoyos* plaintiffs. Plaintiffs from *Faulkner* and *Hiser*, ("Faulkner appellants") appeal the final orders in: (i) *Faulkner v. National Geographic Society*, 211 F.Supp.2d 450 (S.D.N.Y. July 13, 2002); (ii) *Faulkner v. National Geographic Society*, 220 F.Supp.2d 237 (S.D.N.Y. September 4, 2002); (iii) *Faulkner v. National Geographic Society*, 294 F.Supp.2d 523 (S.D.N.Y. December 11, 2003); and (iv) *Faulkner v. National Geographic Society*, 296 F.Supp.2d 488 (S.D.N.Y. December 23, 2003). Fred Ward appeals only the December 11, 2003 order's grant of summary judgment to defendants dismissing all of his copyright claims. Plaintiffs from *Psihoyos* ("Psihoyos appellants") also appeal only the December 11, 2003 order's grant of summary judgment to defendants dismissing all of their copyright claims.

DISCUSSION

We review a district court's grant or denial of summary judgment *de novo*, viewing the evidence in the light most favorable to the non-moving party. *United States v. Collado*, 348 F.3d 323, 326-27 (2d Cir.2003). Summary judgment is only appropriate if, based on the pleadings and evidentiary submissions, there is no genuine material issue of fact and the moving party is entitled to judgment as a matter of law. *Celotex Corp. v. Catrett*, 477 U.S. 317, 322-23, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986). We review a district court's decision regarding offensive non-mutual collateral estoppel *de novo*. *S.E.C. v. Monarch Funding Corp.*, 192 F.3d 295, 303 (2d Cir.1999). We review the

denial of a motion to recuse under 28 U.S.C. § 455 for abuse of discretion. *In re Aguinda,* 241 F.3d 194, 200 (2d Cir.2001).

a) *Legal Background*

Copyright subsists in "original works of authorship." 17 U.S.C. § 102(a). Copyright in a work vests initially in the author or authors of the work. *Id.* § 201(a). A compilation is an original work formed by selecting, coordinating, and arranging preexisting materials. *Id.* § 101. A compilation includes collective works, which are defined as "work[s], such as a periodical issue, anthology, or encyclopedia in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole." *Id.* The copyright in a compilation or derivative work extends only to materials contributed by the compiling author. *Id.* § 103(b). A copyright in a compilation or derivative work does not include an exclusive right in the preexisting material. *Id.* § 103(b). Section 201(c) of Title 17 provides:

> Copyright in each separate contribution to a collective work is distinct from copyright in the collective work as a whole, and vests initially in the author of the contribution. In the absence of an express transfer of the copyright or of any rights under it, the owner of copyright in the collective work is presumed to have acquired only the privilege of reproducing and distributing the contribution as part of that particular collective work, any revision of that collective work, and any later collective work in the same series.

Id. § 201(c). With regard to Section 201(c), the pertinent House Report noted:

> Under the language of this clause a publishing company could reprint a contribution from one issue in a later issue of its magazine, and could reprint an article from a 1980 edition of an encyclopedia in a 1990 revision of it; the . . . publisher could not revise the contribution itself or include it in a new anthology or an entirely different . . . magazine or other collective work.

H.R.Rep. No. 94-1476, at 122-123 (1976), *reprinted in* 1976 U.S.C.A.A.N. 5659, 5738.

"The unauthorized reproduction and distribution of a copyrighted work generally infringes the copyright unless such use is specifically protected by the Act." *Tasini v. New York Times Co.,* 206 F.3d 161, 165 (2d Cir.2000). In the instant matter, appellants created individual works that they submitted to NGS for use in the Magazine, a collective work. In their view, CNG's inclusion of their individual contributions infringes their copyright. Appellees believe that such use was specifically protected by the Act as a revision of the Magazine under 17 U.S.C. § 201(c).

Three decisions interpreting Section 201(c) are of paramount importance to the resolution of the issue. They are *Tasini v. New York Times Co.,* 206 F.3d 161 (2d Cir.2000); its affirmance in *New York Times Co. v. Tasini,* 533 U.S. 483, 121 S.Ct. 2381, 150 L.Ed.2d 500 (2001); and, of course, *Greenberg v. National Geographic Society,* 244 F.3d 1267 (11th Cir.2001), a decision involving the CNG itself. We now address those decisions in some detail.

In *Tasini,* we held that electronic and CD-ROM databases containing individual articles from multiple editions of various periodicals did not constitute "revisions" of individual periodical issues within the meaning of

Section 201(c). 206 F.3d at 168. Crucial to our decision was the fact that each article had to be retrieved individually from the particular database and made "available without any material from the rest of the periodical in which it first appeared." *Id.* at 164. We also noted that "[t]he aspects of a collective work that make it 'an original work of authorship' are the selection, coordination, and arrangement of the preexisting materials," and that the means of retrieval employed by the databases did "almost nothing to preserve the copyrightable aspects of the Publishers' collective works, 'as distinguished from the preexisting material employed in the work.'" *Id.* at 168 (quoting 17 U.S.C. § 101 and 17 U.S.C. § 103(b)).

The Supreme Court affirmed *Tasini*, holding,

> [i]n agreement with the Second Circuit, . . . that § 201(c) does not authorize the copying at issue here. The publishers are not sheltered by § 201(c), we conclude, because the databases reproduce and distribute articles standing alone and not in context, not "as part of that particular collective work" to which the author contributed, "as part of . . . any revision" thereof, or "as part of . . . any later collective work in the same series."

New York Times Co. v. Tasini, 533 U.S. at 488, 121 S.Ct. 2381 (alterations in original). The Supreme Court stressed that in enacting the 1976 revision, Congress "rejected the doctrine of indivisibility, recasting the copyright as a bundle of discrete 'exclusive rights,' 17 U.S.C. § 106 (1994 ed. and Supp. V), each of which 'may be transferred . . . and owned separately,' § 201(d)(2)." *Id.* at 495-96, 121 S.Ct. 2381 (footnotes omitted). It explained:

> Copyright in the separate contribution "vests initially in the author of the contribution" (here, the

> freelancer). Copyright in the collective work vests in the collective author (here, the newspaper or magazine publisher) and extends only to the creative material contributed by that author, not to "the preexisting material employed in the work."

Id. at 494, 121 S.Ct. 2381 (quoting 17 U.S.C. §§ 201(c), 103(b)). Accordingly, the Court held that just as the author's copyright as contemplated by Congress would not be preserved by allowing a publisher "to reproduce or distribute copies of the author's contribution in isolation or within new collective works," it would not be preserved by allowing publishers to do so in electronic databases. *Id.* at 497, 121 S.Ct. 2381.

Importantly, the Court gave tacit approval to microfilm and microfiche as permissible Section 201(c) revisions, by contrasting that method of reproduction with the databases. It stated that "unlike microforms, the Databases do not perceptibly reproduce articles as part of the collective work to which the author contributed or as part of any 'revision' thereof." *Id.* at 501-02, 121 S.Ct. 2381. It pointed out that microforms "represent a mere conversion of intact periodicals (or revisions of periodicals) from one medium to another," whereas the Databases offered users articles in isolation absent their context in intact collective works. *Id.* at 502, 121 S.Ct. 2381.

The Supreme Court failed to adopt only one of the conclusions we reached in *Tasini*. It declined to pass on whether NEXIS, one of the databases at issue, "was infringing partly because [it] did 'almost nothing to preserve the copyrightable aspects of the [Print] Publishers' collective works,' i.e., their original 'selection, coordination, and arrangement.'" *Id.* at 502 n. 10, 121 S.Ct. 2381 (quoting

Tasini, 206 F.3d at 168). Instead the Court stated that "[i]t suffices to hold that the Databases do not contain 'revisions' of the Print Publishers' works 'as part of' which the Articles are reproduced and distributed." *Id.*

After our opinion in *Tasini*, but before the Supreme Court's affirmance, the Eleventh Circuit decided *Greenberg*. That decision addressed the application of Section 201(c) to a case virtually identical on the facts and law to the instant matter. Jerry Greenberg, a freelance photographer who had completed four assignments for NGS over 30 years, sued NGS, NGE, and Mindscape for copyright infringement. *Greenberg*, 244 F.3d at 1269-70. His suit was based on the use of his photos in the CNG as well as the use of one in the Moving Cover Sequence. *Id.* at 1269. The copyrights in the pictures, once held by NGS, had been returned to Greenberg in 1985 and 1990. *Id.*

Greenberg did not utilize the *Tasini* analysis in determining whether the CNG was a "revision" under Section 201(c). It did not discuss whether the articles were presented in the context of the previous collective works or mention our discussion in *Tasini*. Rather, *Greenberg* focused on a description of the CNG as consisting of three components, the moving cover sequence (the "Sequence"); the digitally reproduced issues of the Magazine (the "Replica"); and the computer program that stored and retrieved the images (the "Program"). *Id.* For the *Greenberg* court, the key issue was what had been added to the digital reproductions of the Magazine. In that regard, it stated:

> Assuming *arguendo*, but expressly not deciding, that 201(c)'s revision privilege embraces the entirety of the Replica portion of the CNG (the 1,200 issues, as opposed to each separate issue of

> the Magazine), we are unable to stretch the phrase "that particular collective work" to encompass the Sequence and Program elements as well.
>
> . . . .
>
> . . . [T]he CNG is an "other collective work" composed of the Sequence, the Replica, and the Program. . . . [T]he Society, in collaboration with Mindscape, has created a new product ("an original work of authorship"), ~~in a~~ new medium, for a new market that far transcends any privilege of revision or other mere reproduction envisioned in § 201(c).

Id. at 1272-73 (footnote omitted). Because each of the three components identified by the *Greenberg* court as comprising the CNG – the Sequence, the Replica, and the Program – were themselves copyrightable, that court concluded that NGS had created a new work in the CNG. *Id.* at 1273-74. Accordingly it reversed the district court's entry of summary judgment in favor of defendants. *Id.* at 1275-76. While declining to address whether adding only the Program would result in the creation of a new collective work, *Greenberg* noted that the existence of the Program differentiated the CNG from microfilm. *Id.* at 1273 n. 12.

Three weeks after the *Greenberg* decision, the Supreme Court affirmed our *Tasini* ruling. It subsequently denied the petition for a writ of certiorari filed by the defendants in *Greenberg*. *Nat'l Geographic Soc'y v. Greenberg*, 534 U.S. 951, 122 S.Ct. 347, 151 L.Ed.2d 262 (2001).

b) *Greenberg and Collateral Estoppel*

In the district court, appellants claimed that offensive collateral estoppel precluded appellees from litigating their Section 201(c) argument. The district court held that, because the Supreme Court's decision in *Tasini* determined that the key to whether a collective work is a revision is how the articles are "presented to, and perceptible by, the user of the Databases," that decision so altered the legal environment that a fresh look at the Section 201(c) revision issue was appropriate in the instant matter. *Faulkner,* 294 F.Supp.2d at 534, 538 (quoting *Tasini,* 533 U.S. at 499, 121 S.Ct. 2381). We agree.

Under the doctrine of offensive collateral estoppel, a plaintiff may preclude a defendant from relitigating an issue the defendant has previously litigated and lost to another plaintiff. *Parklane Hosiery Co. v. Shore,* 439 U.S. 322, 329, 99 S.Ct. 645, 58 L.Ed.2d 552 (1979). In order for a plaintiff to bar a defendant from litigating an issue on collateral estoppel grounds: "(1) the issues in both proceedings must be identical, (2) the issue in the prior proceeding must have been actually litigated and actually decided, (3) there must have been a full and fair opportunity for litigation in the prior proceeding, and (4) the issue previously litigated must have been necessary to support a valid and final judgment on the merits." *Gelb v. Royal Globe Ins. Co.,* 798 F.2d 38, 44 (2d Cir.1986). Use of collateral estoppel "must be confined to situations where the matter raised in the second suit is identical in all respects with that decided in the first proceeding and where the controlling facts and applicable legal rules remain unchanged." *Commissioner v. Sunnen,* 333 U.S. 591, 599-600, 68 S.Ct. 715, 92 L.Ed. 898 (1948).

Therefore, even where the specified elements of collateral estoppel are present, reexamination of a legal issue is appropriate where there has been a change in the legal landscape after the decision claimed to have preclusive effect. Restatement (Second) of Judgments § 28 (cmt. c). This is particularly so "when the application of the rule of issue preclusion would impose on one of the parties a significant disadvantage, or confer on him a significant benefit, with respect to his competitors .... because the essential problem is that there has been change in the law but not the facts." *Id.* Accordingly, in some situations, "a judicial declaration intervening between the two proceedings may so change the legal atmosphere as to render the rule of collateral estoppel inapplicable." *Sunnen,* 333 U.S. at 600, 68 S.Ct. 715 (footnote omitted).

As noted, *Greenberg* held that if a subsequent work contains independently copyrightable elements not present in the original collective work, it cannot be a revision privileged by Section 201(c). Several months later, however, the Supreme Court held in *Tasini* that the critical analysis focused on whether the underlying works were presented by the particular database in the context of the original works. For example, in a straightforward application of that analysis, it also strongly implied, by contrasting the database to microfilm, that microfilm would constitute a privileged revision. 533 U.S. at 501, 121 S.Ct. 2381. In our view, the *Tasini* approach so substantially departs from the *Greenberg* analysis that it represents an intervening change in law rendering application of collateral estoppel inappropriate. Our analysis is, of course, not affected by the Supreme Court's declination of certiorari in *Greenberg. See United States v. Carver,* 260 U.S. 482, 490, 43 S.Ct. 181, 67 L.Ed. 361 (1923) (denial of certiorari

"imports no expression of opinion upon the merits" of any given case).

c) *Section 201(c) and Tasini*

Turning to the merits, we hold that, because the original context of the Magazines is omnipresent in the CNG and because it is a new version of the Magazine, the CNG is a privileged revision.

"'Revision' denotes a new 'version,' and a version is, in this setting, a 'distinct form of something regarded by its creator or others as one work.'" *Tasini,* 533 U.S. at 500, 121 S.Ct. 2381 (quoting Webster's Third New International Dictionary 1944, 2545 (1976)). "In determining whether the [underlying works] have been reproduced and distributed 'as part of' a 'revision' of the collective works in issue, we focus on the [underlying works] as presented to, and perceptible by, the user of the [CNG]." *Id.* at 499, 121 S.Ct. 2381 (citations omitted). The CNG presents the underlying works to users in the same context as they were presented to the users in the original versions of the Magazine. The CNG uses the almost identical "selection, coordination, and arrangement" of the underlying works as used in the original collective works. *Tasini,* 206 F.3d at 168. The CNG presents an electronic replica of the pages of the Magazine. Pages are presented two at a time, with the gutter (that is, the Magazine fold) in the middle, and with the page numbers in the lower outside corners, just as they are presented in the written format. In addition, the contents of the CNG, including the authors' contributions, are in the same positions relative to the other contributions in the Magazine. To be sure, a CNG user can focus on particular pages or parts of pages. However, a

user of a microfilm of a collective work can do the same thing, *see Tasini,* 533 U.S. at 501, 121 S.Ct. 2381, as, indeed can a reader of an original magazine by opening to a particular page. In contrast, the databases at issue in *Tasini* precluded readers from viewing the underlying works in their original context. *Id.* at 501-02, 121 S.Ct. 2381.

Moreover, because the Section 201(c) privilege of reproduction and distribution extends to that collective work and any revision of that collective work, a permissible revision may contain elements not found in the original – for example, a collection of bound volumes of past issues with a copyrightable index to the entire collection. *See Tasini,* 206 F.3d at 167 (Section 201(c) "protects the use of an individual contribution in a collective work that is somewhat altered."). *Tasini* is in that regard contrary to *Greenberg.* In the case of the CNG, some images found in the original version of the Magazines are blacked out, and it contains additional elements such as, among other things, the Moving Cover Sequence. However, these changes do not substantially alter the original context which, unlike that of the works at issue in *Tasini,* is immediately recognizable. The presentation does not, therefore, affect the CNG's status as a revision.

d) *Transferability of the Section 201(c) Privilege*

Appellants argue that the revision privilege is available only to NGS, as owner of the copyright in the original

collective work, and that NGS cannot transfer its privilege. We disagree.[6]

Prior to the Copyright Act of 1976, authors risked losing all rights in their underlying works when they allowed such works to be used in a collective work. *Tasini*, 206 F.3d at 168. To address this concern, the 1976 Act contained Section 201(c) and, in other provisions, "expressly permitted the transfer of less than the entire copyright, *see* 17 U.S.C. § 201(d), in effect replacing the notion of a single 'copyright' with that of 'exclusive rights' under a copyright." *Id.* To that end, Section 201(d) provides:

> (1) The ownership of a copyright may be transferred in whole or in part by any means of conveyance or by operation of law, and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession.
>
> (2) Any of the exclusive rights comprised in a copyright, including any subdivision of any of the rights specified by section 106, may be transferred as provided by clause (1) and owned separately. The owner of any particular exclusive right is entitled, to the extent of that right, to all of the protection and remedies accorded to the copyright owner by this title.

17 U.S.C. § 201(d). The drafters intended that the Copyright Act of 1976 do "nothing to change the rights of the owner of copyright in a collective work" but that it merely clarify and improve an unfair legal situation by preserving

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[6] Because *Tasini* held that the publishers had no Section 201(c) privilege, the transferability issue was not addressed.

an author's copyright in a contribution. H.R.Rep. No. 94-1476, at 122 (1976), *reprinted in* 1976 U.S.C.A.A.N. 5659, 5738. Given that intention, it is more than reasonable to read Section 201(c) and 201(d) together to render the publisher's limited privilege under Section 201(c) to be transferrable under Section 201(d).

Section 201(c) transfers some of the copyright in a contribution to publishers in the form of a limited privilege. Section 201(d)(1) by its terms allows for a transfer of a copyright "in whole or in part." Section 201(d)(2) authorizes owners of "[a]ny of the . . . rights . . . in a copyright" to transfer such rights. Therefore, publishers may transfer any subdivision of a copyright that they acquire. *See Tasini,* 972 F.Supp. 804, 815-16 (S.D.N.Y.1997) (holding subdivisions of copyrights transferable), *rev'd on other grounds,* 206 F.3d 161 (2d Cir.2000). This result in no way undermines Section 201(c)'s goal of remedying the unfairness of indivisibility. It simply recognizes the quite natural implications of divisibility.

e) *Section 201(c) and the Pre-1978 Works*

The applicability of the revision privilege to the reproduction of works in the CNG must be addressed with regard to all the underlying works, including those originally published before 1978, when Section 201(c) went into effect. After some early wrestling with the issue of who owned the underlying copyrights in the pre-1978 works, the district court finally concluded that such ownership was irrelevant. In the final summary judgment order, it held that, because "at all relevant times [NGS] owned the copyrights in issues of the *Magazine* published before and after January 1, 1978 . . . . the privileges conferred upon it

by Section 201(c) as the holder of those copyrights govern regardless of when they were published." *Faulkner*, 294 F.Supp.2d at 543. The district court pointed out that the parties agreed that the extent of protection provided by Section 201(c) to publication of the CNG was the same whether NGS or the plaintiffs owned the underlying copyrights. *Id.* Accordingly, Section 201(c) privileged NGS to publish the CNG regardless of when or who owned the copyrights in the underlying works. *Id.* We agree and affirm.

f) *The Effect of Contractual Agreements Between the Parties*

The district court determined that in all but a few circumstances none of the contractual agreements between the parties overrode application of Section 201(c)'s default provisions. The Faulkner appellants argue that their contracts were "intended to grant NGS limited publication rights in paper format only," and accordingly the Section 201(c) privilege is not applicable. We again disagree.

The Faulkner appellants' first argument in this regard is based on the language of Section 201(c). That provision extends to publishers the privilege of reproducing and distributing underlying works as part of certain collective works "[i]n the absence of an express transfer of the copyright or of any rights under it" in the underlying work itself. 17 U.S.C. § 201(c). Most of the plaintiffs have written contracts with NGS, and the Faulkner appellants make the odd argument that, under the quoted language, the very existence of such contracts renders Section 201(c) inapplicable. However, the plain effect of the quoted language is only to establish the minimum rights acquired

by publishers absent contractual provisions expressly overriding Section 201(c). In short, in the absence of a contract stating otherwise, publishers acquire "*only* the privilege of reproducing and distributing the contribution as part of that particular collective work, any revision of that collective work, and any later collective work in the same series." *Id.* (emphasis added). The mere existence of contracts does not, therefore, render Section 201(c) inapplicable.

Moreover, the contracts of the Faulkner appellants do not purport to alter the effect of Section 201(c). Nevertheless, these appellants argue that the contracts were intended to limit publication rights to a non-digital format. The argument is unpersuasive. The transfer of a work from one medium to another generally does not alter its character for copyright purposes. *See* 17 U.S.C. § 102(a) (copyright protection subsists in original works "fixed in any tangible medium of expression"); *Tasini,* 533 U.S. at 502, 121 S.Ct. 2381 (describing "concept of 'media neutrality' "). Therefore, even if the Faulkner appellants harbored an intent to limit publication rights to a non-digital format, their failure to negotiate for pertinent contractual provisions or even to communicate these intentions to NGS is fatal to their claim. Accordingly, the contracts in question do not bar defendants from exercising their Section 201(c) privilege.

g) *Contributory Infringement Claims*

In one of its 1909 Act Opinions, the district court granted summary judgment to Kodak and dismissed the contributory infringement claim brought against it by

some of the plaintiffs. *Faulkner,* 211 F.Supp.2d at 475. On appeal, the Faulkner appellants argue that this was error.

"[O]ne who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another, may be held liable as a 'contributory' infringer." *Gershwin Publ'g Corp. v. Columbia Artists Mgmt., Inc.*, 443 F.2d 1159, 1162 (2d Cir.1971) (footnote omitted); *see also Matthew Bender & Co. v. West Publ'g Co.*, 158 F.3d 693, 706 (2d Cir.1998). Because Section 201(c) precludes a finding of copyright infringement, and because there can be no contributory infringement absent actual infringement, *id.*, dismissal of the claim against Kodak is affirmed.

h) *Individual Works by Ward and Psihoyos*

Appellants make some additional arguments about specific works. Ward argues that he owns the underlying copyrights for certain articles – "Jade," "Computer Graphics," "Emeralds," "Coral Reefs," and "Rubies" – and for certain photographs or sets of photographs – "Fiber Optics," the "Pearls Stock Photo," the "Emeralds stock photo," and the "Kennedy photograph."[7] Because appellees were privileged under Section 201(c) to include contributions to which individuals owned underlying copyrights in the CNG, we affirm the district court's holding with respect to the specific works for which Ward argues he holds the underlying copyright.

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[7] The court previously granted Ward summary judgment as to the "Kennedy" photograph in one of the 1909 Act Opinions. *Ward,* 208 F.Supp.2d at 448-49. It later withdrew summary judgment after holding that defendants were privileged to include the photograph in the CNG under Section 201(c). *Faulkner,* 294 F.Supp.2d at 543 n. 97.

Two photographs taken by plaintiff Psihoyos, the "Paul Sereno" and "Ford Styrofoam" images, were excepted from the district court's ruling due to contractual language expressly denying NGS any electronic rights and defendants' withdrawal of their motion to dismiss regarding those photographs. *Faulkner,* 294 F.Supp.2d at 531 n. 30, 549. In their brief, the Psihoyos appellants contend that factually there were a total of seven such photographs, four more taken by plaintiff Psihoyos – "Michael Novacek," "Information Technology," "T-Rex," and a photo appearing in the *Geographica* section of the magazine – and one by plaintiff Rickman – "Belly Flop". They request that we correct what must have been an inadvertent error by the district court.

Defendants respond that they do not object to excluding from the grant of summary judgment two of the five additional photographs, "Michael Novacek" and "Information Technology," both of which were identified in the papers submitted below. They oppose the exception of plaintiff Rickman's "Belly Flop" photograph because it was not previously identified to the district court. Presumably they also oppose exception of plaintiff Psihoyos's T-Rex photograph and his photograph that appeared in the *Geographica* section of the Magazine.[6] Because, in the declarations of Louis Psihoyos and Rick Rickman in support of plaintiffs' memorandum of law in opposition to defendants' motion to dismiss and for summary judgment,

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[6] Appellants do not specifically identify the contributions that they believe should be excepted. We infer that they want us to except these two photographs because they were identified in the declarations submitted to the district court as having contractual language limiting reproduction to paper use only.

all of the above discussed photographs were identified as granting only limited use licenses to NGS, we find that they were properly identified. Accordingly, with respect to the "Michael Novacek," "Information Technology," "T-Rex," and "Belly Flop" photographs, as well as the photograph that appeared in the *Geographica* section of the Magazine,[9] we reverse.

h) *Recusal*

The Faulkner plaintiffs made a recusal motion based on Judge Kaplan's having practiced law with Judge Higginbotham, his hostility toward the Faulkner plaintiffs and their attorneys, and his past representation of a subsidiary of defendant Kodak. Judge Kaplan held that because movants raised the recusal issue only after he had ruled against them, they failed to raise the first two issues in a timely fashion and therefore waived any objection. *Faulkner,* 296 F.Supp.2d at 490. Nevertheless, Judge Kaplan addressed the merits of each basis for the motion and found recusal inappropriate because: (i) there was no suggestion that Judge Higginbotham served as a lawyer for the NGS while he and Judge Kaplan were in practice, but only served as a trustee; (ii) Judge Higginbotham could not have acted "concerning the matter" during the period when he and Judge Kaplan were in practice together because Judge Kaplan left the firm in August 1994, "well before the 1996 genesis of the [CNG]"; (iii) no affidavit, declaration, or deposition testimony given by Judge Higginbotham was part of the case, he never testified

[9] The license for the *Geographica* photograph conferred "one-time reproduction rights" rather than denying electronic rights, but appellees have not argued that this distinction is legally relevant.

before Judge Kaplan, and his death precludes the possibility of any such occurrence in the future; and (iv) because he stopped practicing with Judge Higginbotham before the latter could have witnessed anything regarding the CNG, no knowledge he might have obtained could be imputed to Judge Kaplan. *Id.* at 490-91. Moreover, Judge Kaplan reasoned, even assuming that his representation of Sterling Drug, a Kodak subsidiary, was equivalent to representing Kodak, his representation of them in trademark litigation did not concern the matters at issue in this case. *Id.* at 491. Judge Kaplan also rejected plaintiffs' claim of hostility and bias because it was based only on his denial of their motion for class certification based on the Judge's view that they and their counsel could not adequately represent the class. *Id.* at 492-94. These Faulkner appellants appeal Judge Kaplan's denial of their recusal motion. We affirm.[10]

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[10] Given our disposition of the Faulkner appellants' claims, Judge Kaplan's denial of the recusal motion was at most harmless error as to them. *See Liljeberg v. Health Servs. Acquisition Corp.*, 486 U.S. 847, 862, 864, 108 S.Ct. 2194, 100 L.Ed.2d 855 (1988) (harmless error review applies to 28 U.S.C. § 455(a) violations; in determining whether judgment should be vacated on failure to recuse grounds, appellate court should consider (1) risk of injustice to parties in the particular case; (2) risk that denial of relief will produce injustice in other cases; and (3) risk of undermining public's confidence in the judicial process); *Parker v. Connors Steel Co.*, 855 F.2d 1510, 1526-27 (11th Cir.1988) (*Liljeberg* test applies on direct appeal to alleged Section 455(a) and (b) violations; failure to recuse harmless error where appellate court exercising plenary review concludes that district court's dismissal of case based on grant of summary judgment was proper); *Camacho v. Autoridad de Telefonos de Puerto Rico*, 868 F.2d 482, 490 (1st Cir.1989) (where appellate court independently confirmed correctness of lower court's decision, judge's refusal to recuse himself was harmless and moot, if error, but recusal addressed in order to explain that there was no error at all). We address the issue of recusal on the merits because

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28 U.S.C. § 455(b)(2) provides that a judge shall disqualify himself "[w]here in private practice he served as lawyer in the matter in controversy, or a lawyer with whom he previously practiced law served during such association as a lawyer concerning the matter, or the judge or such lawyer has been a material witness concerning it." Judge Higginbotham did not serve as a lawyer or a material witness concerning the matter in issue. Judge Kaplan's representation of the Kodak subsidiary did not concern the matter in issue.

28 U.S.C. § 455(a) provides that "[a]ny justice, judge, or magistrate judge of the United States shall disqualify himself in any proceeding in which his impartiality might reasonably be questioned." With the exception of the written order denying class certification because Faulkner's counsel did not satisfy Federal Rule of Civil Procedure 23(a)'s requirement of adequate representation, plaintiffs have not offered specific allegations of hostility, let alone bias. This ruling alone does not mandate recusal. *See Liteky v. United States*, 510 U.S. 540, 555, 114 S.Ct. 1147, 127 L.Ed.2d 474 (1994) ("[J]udicial rulings alone almost never constitute a valid basis for a bias or partiality motion" under Section 455(a).).

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we are remanding the case for further proceedings. Although the plaintiffs who are beneficiaries of the remand have not raised recusal as an issue, we believe it appropriate to erase all doubt as to the propriety of Judge Kaplan's continuing to preside over this matter. *See Liljeberg*, 486 U.S. at 864, 108 S.Ct. 2194 (public confidence in the judicial process a factor in review of a failure to recuse).

CONCLUSION

With the exception of the specifically discussed works made by Psihoyos and Rickman, we affirm.

United States District Court,
S.D. New York.
Douglas FAULKNER, et al., Plaintiffs,
v.
NATIONAL GEOGRAPHIC SOCIETY, et al., Defendants.
Fred Ward, et ano., Plaintiffs,
v.
The National Geographic Society, et al., Defendants.
David Hiser, et al., Plaintiffs,
v.
National Geographic Society, et al., Defendants.
Louis Psihoyos, et al., Plaintiffs,
v.
The National Geographic Society, et al., Defendants.
No. 97 Civ. 9361(LAK), 99 Civ. 12385(LAK), 99 Civ. 12488(LAK), 02 Civ. 6623(LAK).

Dec. 11, 2003.

Andrew Berger, Tannenbaum, Helpern, Syracuse & Hirschtritt, LLP, for Plaintiffs in No. 99 Civ. 12385.

Richard F. Schaden, David Katzman, Danial Alan Nelson, Schaden, Katzman, Lampert & McClune, for Plaintiffs Psihoyos, Rickman, Austen and Matrix Int'l, Inc., in No. 97 Civ. 9361 and for Plaintiffs in No. 02 Civ. 6623.

Stephen A. Weingrad, Kimberly C. Turina, Weingrad & Weingrad, LLP, for Plaintiff Douglas Faulkner in No. 97 Civ. 9361 and for Plaintiffs in No. 99 Civ. 12488.

Robert G. Sugarman, Naomi Jane Gray, Pierre M. Davis, Weil, Gotshal & Manges LLP, for Defendants.

Terrence B. Adamson, National Geographic Society, for Defendants National Geographic Society, National

Geographic Holdings, and National Geographic Enterprises, Inc.

OPINION

KAPLAN, District Judge.

The digital revolution has caused substantial growing pains in the law of copyright as the law has sought to adapt to the demands of a new age. This case is yet another example. Plaintiffs here are freelance photographers or writers who created images or text that originally appeared in the print version of the *National Geographic Magazine* (the "*Magazine*"). While the ownership of the copyrights in their creations in many cases is disputed, all agree that defendant National Geographic Society ("NGS") had the right to publish their works in the *Magazine* regardless of who owns the copyrights.

In the late 1990's, defendants produced and began to market various editions of "The Complete National Geographic" (the "CNG"), a digital archive of all past issues of the *Magazine* on CD-ROM and DVD. Plaintiffs here claim that the production and sale of the CNG infringed their copyrights in and otherwise violated their rights with respect to their contributions to the *Magazine*. The fundamental questions, common to all of the cases, are whether the NGS, as owner of the copyrights in the individual issues of the *Magazine*, is privileged by Section 201(c) of the Copyright Act of 1976 (the "1976 Act")[1] to market the CNG on the theory that it is a reproduction or revision of the *Magazine* and whether NGS is foreclosed

[1] 17 U.S.C. § 201(c).

from reliance on Section 201(c) by a previous adverse decision in the Eleventh Circuit.

The matter now is before the Court on defendants' motions for partial summary judgment dismissing the copyright infringement and certain other claims and motions by many of the plaintiffs for partial summary judgment determining that defendants are liable for copyright infringement under the 1976 Act.[2]

Facts

Parties

All of the plaintiffs save two[3] are freelance photographers or writers who created images or wrote text that appeared in the *Magazine*.

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[2] The Court previously decided motions for partial summary judgment dismissing those aspects of the complaints in Nos. 97 Civ. 9361 and 99 Civ. 12385 that were brought under the Copyright Act of 1909 ("1909 Act"), which concerned photographs and text that appeared in the *Magazine* before 1978 (the "Pre-1978 Works"), and the Digital Millennium Copyright Act ("DMCA"). *Faulkner v. Nat'l Geographic Soc'y*, 211 F.Supp.2d 450, *mod. on reconsideration*, 220 F.Supp.2d 237 (S.D.N.Y.2002); *Ward v. Nat'l Geographic Soc'y*, 208 F.Supp.2d 429 (S.D.N.Y.2002).

[3] The two exceptions are Matrix International, Inc. ("Matrix"), and Sally Faulkner. Sally Faulkner is the assignee of the copyrights in ten photographs taken by her former husband. Matrix is a plaintiff in two actions. In No. 97 Civ. 9361, it purports to sue on behalf of two freelance photographers. In No. 02 Civ. 6623, Matrix claims to have licensed photographs to defendants for use in the *Magazine*.

Plaintiffs in No. 99 Civ. 12488 assert in their moving papers that David Allen is suing on behalf of himself and his father whose successor in interest he claims to be. This Court previously dismissed Allen's claims as successor in interest to his father. *Faulkner v. Nat'l Geographic Soc'y*, 211

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The principal defendants are NGS and two of its subsidiaries, National Geographic Ventures, Inc. ("NGV"), and National Geographic Enterprises, Inc. ("NGE"), now known as National Geographic Holdings, Inc. NGS is the world's largest nonprofit scientific and educational organization, with approximately ten million members worldwide. In 1995, NGS placed its television and, subsequently, its interactive and a portion of its cartography divisions into NGV, a wholly-owned taxable subsidiary. NGV in turn wholly owns NGE, among the divisions of which is National Geographic Interactive ("NGI").[4]

The *Magazine* is the monthly official journal of NGS, published in print format since 1888. In December 1996, NGS granted NGV the nonexclusive right to use photographs and text included in the archive of the *Magazine* ("in archival form only, without manipulation or alteration") for the development and distribution of various multimedia products.[5]

Defendant Mindscape, Inc. is a computer software publisher and distributor. In September 1996, it entered

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F.Supp.2d 450, *mod. on reconsideration*, 220 F.Supp.2d 237 (S.D.N.Y.2002)

[4] Fahey Decl. (*Ward* docket item ["DI"] 60) ¶¶ 2, 4. Mr. Fahey submitted declarations supporting each of defendants' three motions. The declarations supporting the motions in *Ward* and *Faulkner/Hiser* are identical. (Although the latter was docketed in both cases, it has been assigned an item number only on the *Faulkner* docket sheet.) The declaration supporting the motion to dismiss in *Psihoyos* is substantially identical to the other two. To the extent the three are identical, all citations are to the declaration in *Ward* alone. Parallel citations to the declaration in *Psihoyos* are included where it differs from the others.

[5] Plaintiffs' Exhibits in Support of Motion and in Opposition to Defendants' Motions ("Pl. Supp. & Opp. Ex.") (*Faulkner* DI 79) Ex. B 408-40 & attach. B.

into an agreement with NGE through its division, NGI, whereby Mindscape would manufacture, market, and distribute CD-ROM products created by NGS, including the CNG.[6] The agreement granted Mindscape the sole and exclusive right to manufacture, reproduce, and distribute certain multimedia products, including the CNG, based on an archive of the *Magazine*.[7] In return, Mindscape granted NGI the right to receive royalties on its sales of the CNG and other related multimedia products.[8]

Defendant Dataware Technologies, Inc., now known as LeadingSide, Inc. ("Dataware"),[9] is a developer of interactive software for the purpose of information retrieval and electronic publishing applications. In August 1996, Ledge Multimedia, then a division of Dataware, entered into an agreement with NGS, the purpose of which was for Dataware to manage the development of the CNG archive.[10] The agreement required Dataware to develop a custom CD-ROM template, including integration of a

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[6] Encore, Inc. ("Encore") succeeded Mindscape as the manufacturer and distributor of the CNG in 2001. *See* Berger Aff. (*Ward* DI 62) ¶ 33 & Ex. 71.

[7] Fahey Decl. (*Ward* DI 60) ¶ 16 & Ex. J ¶¶ 1, 2; Fahey Decl. (*Psihoyos* DI 5) ¶ 19 & Ex. J ¶¶ 1, 2.

[8] Fahey Decl. (*Ward* DI 60) Ex. J ¶ 5; Def. Revised 56.1 St. (*Psihoyos* DI 12) ¶ 22; Def. 56.1 St. (*Ward* DI 60) ¶ 19; Def. 56.1 St. (*Faulkner* DI 74) ¶ 19.

[9] Dataware is in bankruptcy in a case pending in the District of Massachusetts. *In re LeadingSide, Inc.*, No. 01 B 12876 (D. Mass. Bankr.filed Apr. 1, 2001). This action therefore is stayed as against it except in limited respects not germane here. It does not join in the motion by the other defendants.

[10] Fahey Decl. (*Ward* DI 60) ¶ 17 & Ex. K; Fahey Decl. (*Psihoyos* DI 5) ¶ 20 & Ex. K; Def. 56.1 St. (*Ward* DI 60) ¶ 25; Def. 56.1 St. (*Faulkner* DI 74) ¶ 25.

custom set of interfaces to display magazine pages, a search engine and JPEG[11] images of the scanned magazine pages. After completing this process, Dataware shipped the prototype CD-ROMs to Mindscape at its California offices for reproduction and mass distribution.[12]

In October 1997, defendant Eastman Kodak Company ("Kodak")[13] entered into a co-sponsorship agreement with NGI, Mindscape and Dataware pursuant to which Kodak would pay a fee to NGI for placement of a Kodak promotional message at the beginning of CNG CD-ROMs and advertising on the product package. It received 5,000 complimentary units of the first of the CNG collections, received no revenue or other remuneration from the CNG products, had no right to control their content, and did not participate in their marketing or distribution save for whatever disposition it made of the 5,000 copies it received.[14]

The Complete National Geographic

In 1996, NGS developed a proposal to reproduce all issues of the *Magazine* published between 1888 and 1996 in CD-ROM format. The product, now known as the CNG, was produced in significant part through a process of digital scanning. Each issue of the *Magazine* published

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[11] "JPEG" is short for Joint Photographic Experts Group and is pronounced "jay-peg." It is a compression technique for digital color images, which can reduce file sizes to about 5 percent of their normal size. Some detail is lost in the compression. *Webop-edia*, at <htt p:// www.pcwebopedia.com/TERM/J/JPEG.html> (last visited Dec. 3, 2003).

[12] Fahey Decl. (*Ward* DI 60) ¶ 17; Fahey Decl. (*Psihoyos* DI 5) ¶ 20.

[13] Kodak is a defendant in Nos. 97 Civ. 9361 and 99 Civ. 12488 only.

[14] Fahey Decl. (*Psihoyos* DI 5) ¶¶ 31-33.

between 1888 and 1996 was scanned, page by page, into a computer system. The pages were scanned two at a time, so that a user of CNG is presented with the exact same visual experience as if reading from the print version of the *Magazine*.[15] Defendants assert that the scanning process created an "exact image-based reproduction" of each page as it appeared in the *Magazine*.[16]

For reasons that will become apparent, some of the plaintiffs contend that the CNG is not a precise digital image of the *Magazine*. Several contend that they compared some print issues of the *Magazine* with the CNG version and found differences with respect to some advertisements.[17] Plaintiffs in No. 02 Civ. 6623 and plaintiffs Psihoyos, Rickman, Austen and Matrix (the "Psihoyos Plaintiffs") in Nos. 97 Civ. 9361 and 99 Civ. 12488 claim also that certain special editions of the *Magazine* are missing from one of the CD-ROM products and that certain of their images were blacked out in later versions of the CNG. [18] None of these contentions, however, is sufficient to raise a genuine issue of material fact as to the proposition that the CNG in fact is a virtually exact imagebased reproduction of the pages of the *Magazine*[19] in

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[15] Fahey Decl. (*Psihoyos* DI 11) ¶ 9.

[16] Fahey Decl. (*Ward* DI 60) ¶¶ 7-9.

[17] Ward Reply Aff. (*Ward* DI 66) ¶¶ 3-10; Pl. Opp. Mem. (*Ward* DI 65) 2; *see* Psihoyos Pl. Opp. 56.1 St. ¶ 11 & attach. Psihoyos Decl. ¶¶ 26-27; Pl. 56.1 St. (*Psihoyos* DI 14) ¶ 22 & attach Psihoyos Decl. ¶¶ 25-27.

[18] Psihoyos Decl., Psihoyos Pl. Opp. Mem. in *Faulkner/Hiser* (hereinafter "Psihoyos Decl. (*Faulkner/Hiser*)") ¶ 13, 25; Psihoyos Decl. (*Psihoyos* DI 14) ¶ 13, 25.

[19] The differences that some of the plaintiffs observed between advertisements and format as they appeared in the particular print issues they compared to the CNG are attributable to the fact that the

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which the issues of the *Magazine* appear chronologically, from the earliest at the beginning of the first disk to the latest at the end of the thirtieth disk.

"The Complete National Geographic: 108 Years of National Geographic Magazine on CD-ROM" ("CD-ROM 108"), which was introduced to the marketplace in 1997, has three components. The first is a multimedia sequence that displays NGS's logo followed by a promotional message for Kodak and a sequence depicting the covers of ten issues of the *Magazine* that transition from one into another (the "Moving Cover Sequence"). The multimedia

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Magazine is published in regional editions in which the advertising content and format varies to some degree. Def. Reply Mem. (*Ward* DI 71) 11 & n. 12 and materials there cited; *compare* Ward Reply Aff. (*Ward* DI 66) Ex. 83 *with* Def. Reply Mem.App. (*Ward* DI 71) Ex. 27. Ward has come forward with no evidence that the portion of the CNG that consists of images of *Magazine* pages is not a precise reproduction of one of these regional advertising editions of the *Magazine*.

Approximately 60 images were blacked out in certain editions of the CNG because an issue arose as to whether the NGS had the right to include a limited number of images in consequence of explicit contractual language excluding electronic reproduction. Fahey Decl. (*Ward* DI 60) ¶ 13 n. 4; Fahey Decl. (*Psihoyos* DI 5) ¶¶ 15 n. 8, 25. There is no suggestion that any images by plaintiffs were blacked out or, for that matter, that any of the blacked out images originally appeared in print in proximity to any text or images created by them except that the *Psihoyos* Plaintiffs contend that three photographs allegedly licensed by plaintiff Matrix were blacked out and replaced with a notice reading "image not available." Psihoyos Decl. (*Psihoyos* DI 14) ¶ 13; Psihoyos Decl. (*Faulkner/Hiser*) ¶ 13. As plaintiffs cannot claim infringement based on the *failure* to include those photographs in the CNG, the blacking out of those three images is immaterial. So too is the blacking out of the other 57 images, as they do not materially alter the context in which any of the plaintiffs' works appear in the CNG. Likewise, the failure to include images of certain special editions in the CNG does not alter the fact that the plaintiffs' works that are included in the CNG appear in exactly the same contexts in which they appeared in print.

sequence plays on the first time a user boots up CD-ROM 108 and at the beginning of each subsequent session. In subsequent sessions, however, the user can skip the sequence by clicking on the logo once. The second component, referred to in this opinion as the Replica, consists of the digital reproduction of the pages and issues of the *Magazine*. The third is the computer software that serves as the storage repository and retrieval system for the *Magazine* images.[20]

Since 1997, the NGS has published additional CNG products, principally CD-ROMs and DVDs for the first 109, 110, 111 and 112 years of the *Magazine*.[21] These products have varied slightly from the first with respect to the introductory sequences, which display the NGS's logo, and the Kodak promotional message. Only the 108 and 109 year CD-ROMs contained the Moving Cover Sequence. Beginning with the 110 year product, each version has contained a very short summary of each article that appears on the list of "hits" generated by the search engine in response to user queries.[22] Capabilities have been

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[20] Fahey Decl. (*Ward* DI 60) ¶¶ 10-11 & Ex. A; Fahey Decl. (*Psihoyos* DI 5) ¶¶ 11-12 & Ex. A; Stanton Decl. (*Ward* DI 71) ¶ 2.

The search engine produces a list of stories in response to the user's query and identifies, for each story listed, its title, author, date, and related subjects. Fahey Decl. (*Ward* DI 60) ¶ 10 n. 2; Fahey Decl. (*Psihoyos* DI 5) ¶ 11 n. 6.

[21] Fahey Decl. (*Ward* DI 60) ¶ 12; Fahey Decl. (*Psihoyos* DI 5) ¶ 14; *see also* Def. 56.1 St. (*Psihoyos* DI 12) ¶ 28.

It published also decade sets, which contain Replicas of the *Magazine* for various decades, and "The Complete National Geographic" Curriculum Supplement. Fahey Decl. (*Ward* DI 60) ¶ 14; Fahey Decl. (*Psihoyos* DI 5) ¶ 16.

[22] Fahey Decl. (*Ward* DI 60) ¶¶ 10 n. 2, 13 & n. 3; Fahey Decl. (*Psihoyos* DI 5) ¶¶ 11 n. 6, 15 & n. 7.

added to the software.[23] All, however, contain a Replica section.

Discussion

I. The Summary Judgment Standard

Summary judgment is appropriate if there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law.[24] Where the burden of proof at trial would fall on the nonmoving party, it ordinarily is sufficient for the movant to point to a lack of evidence to go to the trier of fact on an essential element of the nonmovant's claim.[25] In that event, the nonmoving party must come forward with admissible evidence [26]

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[23] Additions to CNG 110 and its later iterations include: (a) an introductory tutorial, (b) new interactive software tools, such as a tool to darken text for easier reading and another tool to rotate images, (c) bookmarking capabilities, and (d) a search and save feature. *See e.g.*, Pl. Opp. 56.1 St. (*Ward* DI 66) ¶ 14; Wells Decl. (*Psihoyos* DI 14) ?21; Pl. Joint Reply 56.1 St. (*Faulkner* DI 87) ¶ 10. Other software capabilities not available in the *Magazine* include the ability to print digital pages and links to the NGS website. *See e.g.*, Pl. Opp. Mem. (*Faulkner* DI 85) 7-8; Pl. Opp. Mem. (*Ward* DI 65) 4-5; Pl. Opp. Mem. (*Psihoyos* DI 14) 7-8; Pl. SJ Mem. (*Faulkner* DI 77) 7-8; *compare* Pl. Joint 56.1 St. (*Faulkner* DI 78) ¶ 79-10, *with* Def. Opp. 56.1 St. (*Faulkner* DI 86) ¶ 79-10.

[24] *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986); *White v. ABCO Eng'g Corp.*, 221 F.3d 293, 300 (2d Cir.2000); *see also* Fed. R. Civ. P. 56(c).

[25] *Celotex Corp. v. Catrett*, 477 U.S. 317, 322-23, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986); *Virgin At. Airways Ltd. v. British Airways PLC*, 257 F.3d 256, 273 (2d Cir.2001).

[26] *See, e.g., Nora Beverages, Inc. v. Perrier Group of Am., Inc.*, 269 F.3d 114, 123-24 (2d Cir.2001); *id.*, 164 F.3d 736, 746 (2d Cir.1998); *Raskin v. Wyatt Co.*, 125 F.3d 55, 65-66 (2d Cir.1997).

sufficient to raise a genuine issue of fact for trial in order to avoid summary judgment.[27]

A court faced with cross-motions for summary judgment need not "grant judgment as a matter of law for one side or the other," but "must evaluate each party's motion on its own merits, taking care in each instance to draw all reasonable inferences against the party whose motion is under consideration."[28]

II. Copyright Infringement

A. Section 201(c) – Revision or Reproduction

Section 201(c) of the 1976 Act provides:

> "Copyright in each separate contribution to a collective work is distinct from copyright in the collective work as a whole, and vests initially in the author of the contribution. In the absence of an express transfer of the copyright or of any rights under it, the owner of copyright in the collective work is presumed to have acquired only the privilege of reproducing and distributing the contribution as part of that particular collective

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[27] *E.g., Nebraska v. Wyoming*, 507 U.S. 584, 590, 113 S.Ct. 1689, 123 L.Ed.2d 317 (1993) (when nonmoving party bears burden of proof at trial, moving party is entitled to summary judgment if nonmovant fails to make showing on essential element of its claim); *Goenaga v. March of Dimes Birth Defects Found.*, 51 F.3d 14, 18 (2d Cir.1995) ("In moving for summary judgment against a party who will bear the ultimate burden of proof at trial, the movant's burden will be satisfied if he can point to an absence of evidence to support an essential element of the nonmoving party's claim.") (citing *Celotex*, 477 U.S. at 322-23, 106 S.Ct. 2548).

[28] *Heublein, Inc. v. United States*, 996 F.2d 1455, 1461 (2d Cir.1993) (quoting *Schwabenbauer v. Bd. of Ed.*, 667 F.2d 305, 313-14 (2d Cir.1981) (internal citations omitted)).

> work, any revision of that collective work, and any later collective work in the same series."[29]

It thus distinguishes between the "[c]opyright in each separate contribution to a collective work" and the "copyright in the collective work as a whole." The former "vests initially in the author of the contribution." The owner of the copyright in the collective work, barring an express transfer, is presumed to have acquired from the owner of the copyright in each separate contribution only the privilege of "reproducing and distributing the contribution as part of [1] that particular collective work, [2] any revision of that collective work, and [3] any later collective work in the same series."

The parties agree that NGS acquired from the plaintiffs at least the right to publish their contributions in the *Magazine*.[30] Defendants contend that the CNG is a "reproduction"

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[29] 17 U.S.C. § 201(c).

[30] All plaintiffs so admitted in response to the first round of summary judgment motions. Def. 56.1 St. (*Faulkner* DI 33) ¶ 4; Pl. 56.1 St. (*Faulkner* DI 40) ¶ 4; Def. 56.1 St. (*Ward* DI 27) ¶ 4; Pl. 56.1 St. (*Ward* DI 36) ¶ 4. Defendants repeated this assertion in their Rule 56.1 statements in the present round of summary judgment motions. Def. 56.1 St. (*Ward* DI 60) ¶ 4; Def. 56.1 St. (*Faulkner* DI 74) ¶ 4; Def. Revised 56.1 St. (*Psihoyos* DI 12) ¶ 32. Ward in substance objected to this assertion in No. 99 Civ. 12385 (Pl. 56.1 St. (*Ward* DI 66) ¶ 4), but testified at his deposition that he granted one time publication rights to NGS with respect to the use of his works in the *Magazine*. *See, e.g.*, Def.App. SJ Motion (*Ward* DI 60) Ex. O at 48:1-14, 65:21-66:11. Thus, there is no genuine issue as to the fact that plaintiffs all granted NGS at least one time publication rights with respect to all of the works at issue in this case. Certain plaintiffs in *Faulkner*, *Hiser* and *Psihoyos* claim, however, that they granted one time publication rights only with respect to print media and specifically excluded electronic productions.

In *Psihoyos*, plaintiffs' papers in opposition to defendants' motion for summary judgment asserted that plaintiff Psihoyos in certain

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or "revision" of the *Magazine* and, in consequence, that the infringement claims must be dismissed. Plaintiffs, for their part, maintain that NGS litigated and lost precisely this argument in *Greenberg v. National Geographic*

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instances gave NGS only rights so limited, referring to plaintiffs' Exhibit 17 and Psihoyos' declaration in opposition to the motion. Pl. Opp. Mem. (*Psihoyos* DI 14) 47; Psihoyos Decl. (*Psihoyos* DI 14) ¶ 11; Plaintiffs' Exhibits in Opposition to Motion to Dismiss ("Pl. Opp. Ex.") (*Psihoyos* DI 15) Ex. 17. Defendants thereupon withdrew so much of their motion in that case as sought dismissal of Psihoyos' infringement claims with respect to those photographs. Def. Reply Mem. (*Psihoyos* DI 18) 18 n. 33. Exhibit 17 in support of plaintiffs' opposition memorandum contains evidence which conceivably might support his claim of a limited grant with respect to only two photographs: (1) a photograph of Paul Sereno, and (2) a photograph of a Ford Styrofoam mockup that appeared in the October 1995 issue. Pl. Opp. Ex. (*Psihoyos* DI 15) Ex. 17.

Certain of the plaintiffs in *Faulkner* and *Hiser* who are represented by the Weingrad firm (others have their own counsel) claimed in papers in support of their own motion for summary judgment that the rights granted by them to NGS were similarly limited. Pl. SJ Mem. (*Faulkner* DI 77) 21. The only evidentiary basis for this claim consists of affidavits and declarations by plaintiffs stating that they did not intend to grant any rights with respect to electronic media. Of course, statements of subjective intention uncommunicated to the other contracting party are immaterial in construing the terms of the contract. *E.g., Hotchkiss v. Nat'l City Bank*, 200 F. 287, 293 (S.D.N.Y.1911), *aff'd*, 201 F. 664 (2d Cir.1912), *aff'd*, 231 U.S. 50, 34 S.Ct. 20, 58 L.Ed. 115 (1913); *In re Robbins Int'l, Inc.*, 275 B.R. 456, 465 (S.D.N.Y.2002); *Bayer Corp. v. Chestnut Acq. Corp.*, 189 F.Supp.2d 153, 157 (S.D.N.Y.2002); *Nycal Corp. v. Inoco PLC*, 988 F.Supp. 296, 301-02 (S.D.N.Y.1997); *see Pan Am. World Airways, Inc. v. Aetna Cas. & Sur. Co.*, 505 F.2d 989, 1003 (2d Cir.1974). Hence, these assertions must be disregarded. What remains, therefore, is the concession that all of the plaintiffs granted at least one-time publication rights – a concession that accords with the industry custom, *see, e.g., Ward*, 208 F.Supp.2d at 438-39.

Society[31] and that defendants therefore are collaterally estopped from relying on Section 201(c).

1. Collateral Estoppel

"Litigants who have had a full and fair opportunity to litigate ordinarily will not be heard to relitigate an issue actually, finally and necessarily decided against them in a prior action."[32] To prevail on a claim of collateral estoppel, or issue preclusion, the party asserting the estoppel must show that:

> "(1) the issues in both proceedings are *identical*, (2) the issue in the prior proceeding was *actually litigated and actually decided*, (3) there was a *full and fair opportunity to litigate* in the prior proceeding, and (4) the issue previously litigated was *necessary* to support a *valid* and *final judgment* on the merits."[33]

It therefore is necessary to begin by considering the *Greenberg* case.

a. The Greenberg case

The CNG contains (1) a multimedia opening sequence, those in the 108 and 109 year products depicting actual

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[31] 244 F.3d 1267 (11th Cir.) (corrected opinion), *cert. denied*, 534 U.S. 951, 122 S.Ct. 347, 151 L.Ed.2d 262 (2001) (mem.).

[32] *ICD Holdings S.A. v. Frankel*, 976 F.Supp. 234, 239 (S.D.N.Y.1997).

[33] *Carney v. Philippone*, 332 F.3d 163, 170 (2d Cir.2003) (internal quotation marks omitted) (emphasis added); *accord, Gelb v. Royal Globe Ins. Co.*, 798 F.2d 38, 44 (2d Cir.1986), *cert. denied*, 480 U.S. 948, 107 S.Ct. 1608, 94 L.Ed.2d 794 (1987) (setting out four-part test).

covers of past issues of the *Magazine*, (2) the Replica, consisting of digitally reproduced images of the *Magazines* themselves, and (3) the computer software that is the storage repository and retrieval system for the images.[34]

The plaintiff in *Greenberg* was a freelancer much like those here. His photographs appeared in various issues of the *Magazine* that were incorporated in the CNG. One of his photographs appeared also in the Moving Cover Sequence.[35] He sued NGS for copyright infringement based on a claim that the rights he had granted for publication in the *Magazine* did not permit use of his work in the CNG. The defendants argued in the district court that the CNG "constitute[d] a 'revision' of that collective work [i.e., the *Magazine*] within the meaning of 17 U.S.C. § 201(c)" and that publication of the CNG therefore did not infringe the plaintiff's copyright.[36] The district court agreed, holding that the CNG was a "revision" within the meaning of the statute.[37]

The Eleventh Circuit reversed. It assumed, but did not decide, that Section "201(c)'s revision privilege embrace[d] the entirety of the Replica portion of the CNG"[38] – i.e., the images of the *Magazine* issues themselves – but went on to note that the animated opening sequence and the software were independently copyrightable elements not present in the *Magazine*. It therefore reasoned that

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[34] *E.g.*, *Greenberg*, 244 F.3d at 1269-70.

[35] There is no suggestion that any of the plaintiffs' photographs in these cases appeared in the Moving Cover Sequence.

[36] *Greenberg v. Nat'l Geographic Soc'y*, 97-3924-CIV (Lenard), 1998 U.S. Dist. LEXIS 18060, at *6 (S.D.Fla. May 14, 1998).

[37] *Id.* at *10.

[38] *Greenberg*, 244 F.3d at 1272.

"common-sense copyright analysis compels the conclusion that the Society, in collaboration with Mindscape, has created a new product ('an original work of authorship'), in a new medium, for a new market that far transcends any privilege of revision or other mere reproduction envisioned in § 201(c)."[39] It concluded that the NGS, by "creating a new work . . . forfeited any privilege that it *might* have enjoyed with respect to" a mere transformation of the print version of the *Magazine* into a digital form.[40]

b. Identity of Issues

In considering whether the issues presented in *Greenberg* and in this case are identical, it is important at the outset to note that Greenberg claimed infringement with respect to the use of one of his photographs in the Moving Cover Sequence as well as with respect to the inclusion of his other photographs in the Replica portion of the CNG. As there is no suggestion that any of plaintiffs' material was used in the Moving Cover Sequence, their claims parallel only the second of Greenberg's contentions.

At first blush, that issue – whether Section 201(c) permits defendants to include plaintiffs' material in the Replica portion, assuming for the sake of argument that plaintiffs retain copyright in their individual contributions – seems the same as that in *Greenberg*. Defendants, however, contend that (1) the issues are not identical and, in any case, (2) *Greenberg* should not be given preclusive effect in light of the Supreme Court's subsequent decision

[39] *Id.* at 1273.

[40] *Id.* at 1274 (emphasis in original).

in *New York Times, Inc. v. Tasini*,[41] because they lacked a full and fair opportunity to litigate the relevant issue in *Greenberg*[42] and for other reasons.

(1) Reproduction

The first question is whether defendants' contention that the CNG is a "reproduction" of the *Magazine* under Section 201(c) was litigated and necessarily decided in *Greenberg*.

There is language in the Eleventh Circuit's opinion to the effect that the CNG is neither a revision *nor* a reproduction of the *Magazine* for Section 201(c) purposes. The district court opinion, however, stated that defendants relied upon the revision prong of Section 201(c) and dealt only with that issue.[43] There is no suggestion that defendants argued that the CNG is a reproduction. Thus,

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[41] 533 U.S. 483, 121 S.Ct. 2381, 150 L.Ed.2d 500 (2001).

[42] *E.g., Kremer v. Chem. Constr. Corp.*, 456 U.S. 461, 480-81, 102 S.Ct. 1883, 72 L.Ed.2d 262 (1982) ("[T]he judicially created doctrine of collateral estoppel does not apply when the party against whom the earlier decision is asserted did not have a 'full and fair opportunity' to litigate the claim or issue."); *Allen v. McCurry*, 449 U.S. 90, 95, 101 S.Ct. 411, 66 L.Ed.2d 308 (1980) (holding that "the concept of collateral estoppel cannot apply when the party against whom the earlier decision is asserted did not have a 'full and fair opportunity' to litigate that issue in the earlier case."); *Montana v. United States*, 440 U.S. 147, 164 n. 11, 99 S.Ct. 970, 59 L.Ed.2d 210 (1979) ("Redetermination of issues is warranted if there is reason to doubt the quality, extensiveness, or fairness of procedures followed in prior litigation."); *Epperson v. Entm't Express, Inc.*, 242 F.3d 100, 108 (2d Cir.2001) ("Because the issue . . . was not actually litigated and actually decided in the first action, plaintiffs are not barred by collateral estoppel from raising it in the second action.").

[43] *Greenberg*, 1998 U.S. Dist. LEXIS 18060, at *6.

notwithstanding the language in the circuit's opinion, it is not clear whether the reproduction question actually was litigated, let alone necessarily decided.[44] Nevertheless, in view of the discussion that follows it is unnecessary to decide whether defendants are foreclosed on their reproduction argument.

(2) Revision

The next question is whether the "revision" issue decided in *Greenberg* is identical to that tendered here.

Defendants argued in the district court in *Greenberg* that the CNG "constitutes a 'revision' of that collective work [i.e., the *Magazine*] within the meaning of 17 U.S.C. § 201(c)."[45] The district court agreed.[46] The Eleventh Circuit rejected that argument.[47] The identity of the revision issue in *Greenberg* and this case is evident. Accordingly, defendants are foreclosed from asserting that the CNG is a "revision" permitted by Section 201(c) unless there is some other basis for declining to accord *Greenberg* preclusive effect. Defendants make a number of arguments, but it is necessary to deal only with one.

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[44] Although certain plaintiffs in *Faulkner* and *Hiser* assert that defendants invoked Section 201(c)'s reproduction and revision provisions before the Eleventh Circuit, *see* Psihoyos Pl. Opp. Mem. (*Faulkner/Hiser*) 15 (citing *Greenberg*, 244 F.3d at 1272), the Eleventh Circuit's opinion describes defendants as arguing only whether "its use of Greenberg's photographs constitutes a 'revision' of the *Magazine*." *Greenberg*, 244 F.3d at 1272.

[45] *Greenberg*, 1998 U.S. Dist. LEXIS 18060, at *6.

[46] *Id.* at *10.

[47] *Greenberg*, 244 F.3d at 1273.

c. The Effect of Tasini

The Supreme Court has held that "a judicial declaration intervening between ... two proceedings may so change the legal atmosphere as to render the rule of collateral estoppel inapplicable."[48] Defendants contend that the Supreme Court's decision in *Tasini*, which postdated *Greenberg*, had precisely this effect.

Tasini was an infringement suit by freelance authors based upon the inclusion of their contributions to earlier collective works in three products: LEXIS/NEXIS, New York Times OnDisc ("NYTO"), and General Periodicals OnDisc ("GPO"). LEXIS/NEXIS is a searchable online database that displays, outside of their original contexts, the text of individual articles from hundreds of publications. NYTO and GPO both are searchable CD-ROM databases. NYTO identifies and displays the texts of articles from *The New York Times*. Like LEXIS/NEXIS, it presents articles out of their original context. GPO is an image-based product that reproduces articles from approximately two hundred publications, including *The New York Times* Sunday book reviews and Magazine. Unlike an article displayed by LEXIS/NEXIS and NYTO, a GPO article appears "exactly as it appeared on printed pages, complete with photographs, captions, advertisements, and other surrounding materials."[49] A GPO article, however,

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[48] *Comm'r of Internal Revenue v. Sunnen*, 333 U.S. 591, 600, 68 S.Ct. 715, 92 L.Ed. 898 (1948) (citing cases); *see also Monahan v. New York City Dep't of Corr.*, 214 F.3d 275, 290 (2d Cir.2000) ("*Res judicata* and collateral estoppel do not cement the *status quo* into perpetuity.").

[49] *Tasini*, 533 U.S. at 491, 121 S.Ct. 2381.

appears "without any material published on other pages of the original periodical."[60]

The *Tasini* defendants contended that the three databases at issue were "revisions" of the collective works and thus that their publication was permitted by Section 201(c). The Supreme Court, however, determined that a key factor was how the articles are "presented to, and perceptible by, the user of the Databases."[61] In other words, "the question is not whether a user can generate a revision of a collective work from a database, but whether the database itself perceptibly presents the author's contribution as part of a revision of the collective work."[62] In the course of its analysis, the Court considered the analogies, pressed by the defendants, of microfilm and microfiche, noting:

> "Microforms typically contain continuous photographic reproductions of a periodical in the medium of miniaturized film. Accordingly, articles appear on the microforms, writ very small, in precisely the position in which the articles appeared in the newspaper. . . . True, the microfilm roll contains multiple editions, and the microfilm user can adjust the machine lens to focus only on the Article, to the exclusion of surrounding material. Nonetheless, the user first encounters the Article in context. In the Databases, by contrast, the Articles appear disconnected from their original context."[63]

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[60] *Id.* at 500, 121 S.Ct. 2381.

[61] *Id.* at 499, 121 S.Ct. 2381.

[62] *Id.* at 504, 121 S.Ct. 2381.

[63] *Id.* at 501, 121 S.Ct. 2381.

It ultimately concluded that "the databases reproduce and distribute articles *standing alone and not in context*, not 'as part of that particular collective work' to which the author contributed, 'as part of . . . any revision' thereof, or 'as part of . . . any later collective work in the same series.'"[54] Accordingly, it rejected the defendants' Section 201(c) argument.[55]

The defendants here suggest that *Tasini* made clear what the *Greenberg* panel, in their view, misunderstood: as long as an individual work appears in its original context, the resulting product qualifies as a permissible reproduction or revision of a collective work under Section 201(c). They press the microform analogy, arguing that the CNG is precisely the kind of product evidently envisioned by the Court as being consistent with the rights possessed by the holder of a copyright in a collective work under Section 201(c). The question pertinent to the collateral estoppel issue, however, is whether *Tasini* so altered the environment as to warrant a fresh look at the Section 201(c) revision issue in this case.

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[54] *Id.* at 488, 121 S.Ct. 2381 (emphasis added).

[55] *Id.* The factual basis for this conclusion with respect to LEXIS/NEXIS and NYTO was self evident – each of those services displayed only the text of the articles divorced even from the rest of the pages on which the articles first appeared. Although GPO was an image-based product in which the articles appeared as they did in print, the material published on pages before and after those containing the search-identified articles were not displayed when viewing those articles. The Court reasoned that whether an article appears as a text-based file through LEXIS/NEXIS or NYTO, or as an image-based replica through GPO, "we cannot see how the Database perceptibly reproduces and distributes the article 'as part of' either the original edition or a 'revision' of that edition." *Id.* at 500, 121 S.Ct. 2381.

At the outset, it is important to recognize that plaintiffs here seek to employ non-mutual offensive collateral estoppel – that is, they wish to use offensively against defendants a judgment in a case to which plaintiffs were not parties. This variant of the doctrine was not sanctioned by the Supreme Court until 1979, which even then recognized that the justifications for collateral estoppel in this setting are not as strong as in cases in which the prior judgment is used defensively.[56] Indeed, it concluded "that the preferable approach for dealing with these problems . . . is not to preclude the use of offensive collateral estoppel, but to grant trial courts broad discretion to determine when it should be applied."[57]

In exercising this discretion, a court naturally must consider the extent to which nonmutual offensive collateral estoppel would serve the ends that gave rise to the doctrine. Collateral estoppel serves primarily two purposes. It protects "litigants from the burden of relitigating an identical issue with the same party or his privy and [it] promot[es] judicial economy by preventing needless litigation."[58] In the offensive nonmutual setting, however, the first of these purposes is not served at all.[59] Plaintiffs, for example, have not previously litigated the Section 201(c) issue. They have no interest in repose or reliance that warrants protection. They have no right to benefit from the prior decision except to the extent that it is

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[56] *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 329-31, 99 S.Ct. 645, 58 L.Ed.2d 552 (1979).

[57] *Id.* at 331, 99 S.Ct. 645.

[58] *Id.* at 326, 99 S.Ct. 645.

[59] *See id.* at 326-27, 99 S.Ct. 645; *see also LaBlanc-Sternberg v. Fletcher*, 67 F.3d 412, 433-34 (2d Cir.1995).

persuasive. The justification, if justification there be, for applying the doctrine here would be only to prevent defendants from imposing unduly on judicial resources by relitigating the issue they lost in *Greenberg*.

As the characteristics of the CNG have not changed in any material way, the issue in this case is one of law or, at least, the application of law to undisputed facts. Defendants thus are not asking the Court to revisit a question that initially required a perhaps complex factual determination, a situation in which the concern for judicial economy is especially strong. This of course is not to say that there is no interest in precluding relitigation of essentially legal issues. But that interest is served also "by the more flexible rule of *stare decisis*."[20] So the matter comes down to whether the benefit gained by foreclosing relitigation of such a question is outweighed by any benefits of allowing it, subject of course to an obligation to give to the prior decision such weight as its persuasive force commands in the present legal environment. The existence of that obligation mitigates the burden of relitigating the legal questions and suggests that the extent to which the subsequent developments must have changed the environment need not be especially great to justify a fresh look at such an issue.

The authorities bear this out, especially in the context of this case. The Second Circuit has adopted the rule of the Restatement, viz. that preclusion is inappropriate, even as between the same parties, where "a new determination is warranted in order to take account of an intervening

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[20] Restatement (Second) of Judgments § 29 cmt. i (1982) (hereinafter Restatement).

change in the applicable legal context or otherwise to avoid inequitable administration of the laws."[61] Where preclusion is sought on behalf of a stranger to the prior litigation – i.e., in the case of nonmutual offensive use – the Restatement goes even further. It regards preclusion in such cases as inappropriate also if "[t]he issue is one of law and treating it as conclusively determined would inappropriately foreclose opportunity for obtaining reconsideration of the legal rule upon which it was based" or if "other compelling circumstances make it appropriate that the party be permitted to relitigate the issue."[62]

To be sure, much of this language is so general as to provide limited guidance for deciding specific cases. But the comments flesh it out. Comment i to Section 29 indicates that "the rule of preclusion should ordinarily be superseded by . . . *stare decisis*" where the issue may be appealed to an appellate court of jurisdiction coordinate to that which rendered the prior decision or where "the issue is of general interest and has not been resolved by the highest appellate court that can resolve it."[63] Comment b to Section 28 states that another consideration relevant to whether issue preclusion should be applied is whether "application of the rule . . . would impose on one of the parties a significant disadvantage, or confer on him a significant benefit, with respect to his competitors."[64]

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[61] *Haitian Centers Council v. McNary*, 969 F.2d 1350, 1356 (2d Cir.1992) (quoting RESTATEMENT § 28(2)(b)) (internal quotation marks omitted), *rev'd on other grounds sub nom. Sale v. Haitian Centers Council*, 509 U.S. 155, 113 S.Ct. 2549, 125 L.Ed.2d 128 (1993).

[62] RESTATEMENT §§ 29(7)-29(8).

[63] *Id.* § 29 cmt. i.

[64] *Id.* § 28 cmt. b.

Both of these considerations are pertinent here. The issue tendered by defendants – whether the CNG is a "revision" within the contemplation of Section 201(c) – requires construction of the 1976 Act in a new technological context. The question is whether a print publisher of a collective work is privileged to use the individual contributions in a digital version where (a) the individual contributions are presented in the same contexts in which they appeared in print, and (b) the digital version contains also software or other materials that did not appear in the print version. This issue is one of substantial importance to the development of copyright law and to its impact on the dissemination of knowledge. The Second Circuit, to which any appeal here would be taken, of course is a jurisdiction coordinate to that of the Eleventh Circuit. In the event of a circuit conflict, the matter likely would go to the Supreme Court. A decision on the merits here thus would promote the development of the law on this important point.[6]

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[6] *United States v. Stauffer Chemical Co.*, 464 U.S. 165, 173, 104 S.Ct. 575, 78 L.Ed.2d 388 (1984), not cited by the parties, does not suggest otherwise. In *Stauffer*, the government had litigated and lost the question at issue in a suit in the Tenth Circuit against Stauffer Chemical. Subsequently, the government prevailed on precisely the same issue in a case against a different defendant in the Ninth Circuit. It then sought to relitigate the question against Stauffer in a third proceeding, this one on the Sixth Circuit. The Supreme Court, however, held that the government was collaterally estopped as against Stauffer Chemical. It rejected the government's contention that such a ruling was unwarranted in view of the intervening Ninth Circuit decision, stating that there was no reason to allow the government "to litigate twice with the same party an issue arising in both cases from virtually identical facts" and that an exception to the doctrine of collateral estoppel "in this case would substantially frustrate the doctrine's purpose of protecting litigants from burdensome relitigation and of promoting judicial economy." *Id.* at 172, 104 S.Ct. 575.

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Nor should the commercial interest of the defendants be ignored. The NGS is not the only publisher of collective works that has published, or yet may publish, a digital archive of its print publications. The NGS's competitors are free to challenge the rule announced in *Greenberg* and, if successful, would be entitled to bring out digital versions without obtaining additional rights from any holders of copyright in individual contributions to the print versions of their collective works. Should that occur, and if the NGS were foreclosed by collateral estoppel from relitigating the issue decided in *Greenberg*, the NGS would be placed at a disadvantage with respect to its competitors. It would be blocked from proceeding with the CNG absent the purchase of additional rights from individual authors and photographers while its competitors would face no such hurdle.

These considerations support the view that the extent to which the legal terrain must have been changed by *Tasini* to warrant reexamination of *Greenberg* is modest. Indeed, one leading commentator has said that "Supreme Court clarification of issues that had been debated or

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This case is quite different. First, *Stauffer*, unlike this case, involved defensive mutual collateral estoppel, as the government was attempting to relitigate the same issue against the same party. The interest in repose that undergirded the Supreme Court's decision is absent here. Second, any change in the legal environment in *Stauffer* was considerably less significant than that in this case. The intervening development was merely a conflicting decision in another circuit, a reasonably common occurrence that ordinarily is resolved over time by Supreme Court resolution of the conflict. Here, in contrast, the subsequent development is a Supreme Court decision that suggests a substantial difference in approach from that adopted by the *Greenberg* court. Applying collateral estoppel here would deprive the Supreme Court of the benefit of the views of another circuit and thus retard or, perhaps, prevent the development of the law in this important area.

uncertain in the lower courts is . . . a proper justification for avoiding preclusion"[66] and that "mere general growth of a body of law may defeat preclusion, although care should be taken lest insufficient 'changes' of 'law' defeat preclusion by simply allowing reconsideration of a point once lost."[67] But it is unnecessary to rely on the broadest of these statements, as the change worked by *Tasini* was substantial by any measure.

Greenberg resolved the revision issue by looking to the question whether the CNG contained independently copyrightable elements in addition to the previously published collective works, i.e., the *Magazine*. *Tasini* took a different approach. It focused instead on whether the individual contributions appeared in the putative revisions – the electronic databases – in the same contexts in which they appeared in the original collective works. Moreover, its reference to the microform analogy has significant implications for the CNG. Accordingly, while it perhaps is possible, as a matter of formal logic, to reconcile the holdings of *Tasini* and *Greenberg*,[68] the difference in the

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[66] 18 Charles Alan Wright, Arthur R. Miller and Edward H. Cooper, Federal Practice and Procedure: Jurisdiction 2d § 4425, at 675 (2002); *see also Minnis v. United States Dep't of Agriculture*, 737 F.2d 784, 786 n. 1 (9th Cir.1984), *cert. denied*, 471 U.S. 1053, 105 S.Ct. 2112, 85 L.Ed.2d 477 (1985).

[67] 18 Charles Alan Wright, Arthur R. Miller and Edward H. Cooper, Federal Practice and Procedure: Jurisdiction 2d § 4425, at 677-79.

[68] It is logically possible that *both* the absence of independently copyrightable additions and the presentation of the individual contributions in the contexts in which they first appeared are indispensable to revision status under Section 201(c)

Supreme Court's approach to the revision issue nonetheless is striking.[69]

The Psihoyos Plaintiffs argue that this difference in approach is insufficient to justify a refusal to apply collateral estoppel here, relying principally on three Second Circuit cases, Staten Island Rapid Transit Operating Auth. v. ICC[70] ("SIRTOA"), NLRB v. United Technologies Corp.[71] and *Zdanok v. Glidden Co.*[72] But *SIRTOA* favors defendants here,[73] and *United Technologies*

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[69] *See e.g.*, Amir A. Naini, *New York Times Co. v. Tasini*, 17 BERK. TECH. L.J. 9, 20-21 (2002) (absence of discussion of presence of copyrightable software component in § 201(c) analysis "notable" and suggests that "it is comparatively less important to a section 201(c) analysis" than indicated in *Greenberg*).

[70] 718 F.2d 533 (2d Cir.1983).

[71] 706 F.2d 1254 (2d Cir.1983).

[72] 327 F.2d 944 (2d Cir.1964).

[73] In *SIRTOA*, the Staten Island Rapid Transit Operating Authority in 1974 obtained a state court anti-strike injunction under the Taylor Law. The state court then held that SIRTOA was an intrastate carrier and thus subject to state rather than federal law. In 1978, the union brought actions claiming that SIRTOA was subject to the Railway Labor Act ("RLA") and that the Taylor Law was preempted. The district court abstained in favor of the Interstate Commerce Commission ("ICC"), which held that SIRTOA was a "carrier" and therefore subject to the RLA. The district court then adopted the ICC decision and granted the union's motion for summary judgment.

On appeal, the employer contended that the union was collaterally estopped by the state court judgment and that its claim should have been dismissed. But the Second Circuit rejected the argument on the ground, *inter alia*, that the ICC decision was an intervening change or special circumstance warranting an exception to the normal rules of preclusion. *SIRTOA* thus supports the view that *Tasini* warrants a fresh look at the Section 201(c) issue. Indeed, the case for making an exception to the normal rule of preclusion was even weaker in *SIRTOA* than here because the parties there were substantially the same. SIRTOA, having previously litigated the issue with the union in the

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and *Zdanok* do not go nearly as far as these plaintiffs would have it.[74]

This Court is convinced, both as a matter of law and in the exercise of discretion, that application of collateral estoppel to foreclose defendants from asserting that the CNG is a privileged revision of the *Magazine* would disserve the public interest in having the important issue

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state court, had a reliance interest in the enforcement of the state court judgment that the plaintiffs here lack.

[74] In *United Technologies*, the Second Circuit held that the NLRB was collaterally estopped by a prior Second Circuit decision, which had held lawful the enforcement of a company rule barring solicitation on company premises during working hours, to attack the same rule as an unfair labor practice. The NLRB contended that an intervening Supreme Court decision had so changed the atmosphere as to reopen the issue. But the Court of Appeals rejected the argument on the grounds that (1) the Supreme Court's decision focused on "the interplay between two factors – neither of which was at issue in" the prior Second Circuit decision, and (2) there was no indication that the Supreme Court had intended to deal with the issue then before the Court of Appeals. 706 F.2d at 1263-64. *United Technologies* therefore does not compel the conclusion that *Tasini* did not make a substantial change in the legal environment relevant here when it held that the relevant focus in determining whether a subsequent collective work is a "revision" is on the context in which original contributions appear as distinguished from whether the putative "revision" contains independently copyrightable material.

The Psihoyos Plaintiffs rely also on *Zdanok v. Glidden Co.*, 327 F.2d 944 (2d Cir.1964), for the proposition that doubt about the validity of a prior ruling does not justify the refusal to apply collateral estoppel. Pl. Opp. Mem. (*Psihoyos* DI 14) 23-24. The general principle of course is correct. But *Zdanok* was a much weaker case for reexamining a prior holding. Among other factors, the intervening decision relied upon as changing the legal environment was another Court of Appeals decision, not a Supreme Court ruling. *Zdanok*, 327 F.2d at 950-53. Moreover, the prior decision had been rendered by a different Second Circuit panel. Reexamination therefore would have implicated concerns for inter-panel consistency and *en banc* procedure that are not present here.

presented here resolved definitively and would be inequitable. It therefore holds that defendants are not foreclosed on the revision issue by *Greenberg*.

2. The Merits

Section 201(c) creates a privilege in the publisher of a collective work for "reproduction" of "that particular collective work, any revision of that collective work, and any later collective work in the same series" but does not define any of those terms. The phrase "that particular collective work" obviously includes "a specific edition or issue of a periodical."[75] The meaning of the remaining terms, however, is far from self evident.

Where, as here, the language of the statute is unclear, resort to legislative history is appropriate.[76] The most pertinent indication is in the House Judiciary Committee Report, which states in relevant part:

> "Under the language of this clause a publishing company could reprint a contribution from one issue in a later issue of its magazine, and could reprint an article from a 1980 edition of an encyclopedia in a 1990 revision of it; the publisher could not revise the contribution itself or include it in a new anthology or an entirely different magazine or other collective work."[77]

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[75] *Tasini v. New York Times Co.*, 206 F.3d 161, 167 (2d Cir.2000), *aff'd*, 533 U.S. 483, 121 S.Ct. 2381, 150 L.Ed.2d 500 (2001).

[76] *Blum v. Stenson*, 465 U.S. 886, 896, 104 S.Ct. 1541, 79 L.Ed.2d 891 (1984); *Marvel Characters, Inc. v. Simon*, 310 F.3d 280, 290 (2d Cir.2002).

[77] H.R. REP. No. 94-1476, 94th Cong., 2d Sess. 122-23 (1976), *reprinted in* 5 U.S.C.C.A.N. 5659, 5738 (1976).

A staff report expressed much the same idea, stating that the privilege did not permit "inclusion of [an author's] contribution in anthologies or other entirely different works."[78]

These comments are instructive. The use of the term "entirely different" to describe a new work not privileged by Section 201(c) suggests that the privilege extends to a collective work that is merely somewhat different from the original in which the contribution appeared. This view is supported strongly by the Judiciary Committee's encyclopedia revision example. An encyclopedia typically is a collective work consisting of individual articles dealing with the various subjects treated. As time goes by, some articles become outdated and new subjects come into being. A revised edition of an encyclopedia thus would contain some articles that have been revised to take account of new learning and some entirely new articles, as well as some articles in precisely their original forms. Each revised and new article would be copyrightable independently. Hence, *Greenberg*' s holding – that the presence of independently copyrightable material is inconsistent with a conclusion that the CNG is a "revision" of the print versions of the *Magazine* – cannot be reconciled with the legislative history. Indeed, it "defies the very legislative history" upon which the Eleventh Circuit relied."[79]

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[78] *Staff of the House Comm. on the Judiciary*, 89th Cong., 1st Sess., Copyright Law Revision, Part 6: Supplementary Report of the Registrar of Copyrights on the General Revision of the U.S. Copyright Law: 1965 Revision Bill (Comm. Print 1965) at 69 ("Supplementary Report").

[79] Jennifer L. Livingston, Casenote, *Digital "Revision"*: Greenberg v. National Geographic Society, 70 U.Cin.L.Rev. 1419, 1429-32 (2002) (hereinafter "Digital 'Revision' ").

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What then distinguishes a "revision" from an "entirely different" work? As the Supreme Court noted in *Tasini*, Section 201(c) was a compromise intended "to adjust the balance between" freelancers and publishers so that "[i]f there is demand for a freelance [work] standing alone or in a new collection, the Copyright Act allows the freelancer to benefit from that demand."[80] In determining whether the freelancer's work is part of a new collection as distinguished from a revision, the focus is on the manner in which it is "presented to, and perceptible by, the user."[81] A critical consideration is whether the original contribution is presented in the same context in which it appeared in the initial collective work, at least to such an extent that the new product "perceptibly presents the author's contribution as part of a revision of the collective work."[82] As the Register of Copyright wrote in a letter discussing *Tasini*:

> "The legislative history of § 201(c) supports this conclusion [i.e., that the NEXIS database at issue in *Tasini* was not a revision]. It offers, as examples of a revision of a collective work, an

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Plaintiff Ward relies for a contrary conclusion on a letter from the Register of Copyright written in 2001, twenty-five years after the enactment of the 1976 Act, in which the Register contended that the interpretation of Section 201(c) advanced in *Tasini* by the publishers was incorrect and unintended by Congress. Pl. Opp. Mem. (*Ward* DI 65) 8-9 & Ex. 108. But that is not the issue here, as *Tasini*, unlike this case, involved the disassembly of the original collective works, following which the individual contributions were made available out of the contexts in which they had appeared. Moreover, plaintiff ignores the passage from the same letter discussed *infra*, which strongly suggests that the CNG is a revision within the meaning of Section 201(c).

[80] *Tasini*, 533 U.S. at 497, 121 S.Ct. 2381.

[81] *Id.* at 499, 121 S.Ct. 2381.

[82] *Id.* at 504, 121 S.Ct. 2381.

> evening edition of a newspaper or a later edition of an encyclopedia. *These examples retain elements that are consistent and recognizable from the original collective work so that a relationship between the original and the revision is apparent. Unlike NEXIS, they are recognizable as revisions of the originals.* But as the Second Circuit noted, all that is left of the original collective works in the databases involved in Tasini are the authors' contributions.
>
> "It is clear that the databases involved in Tasini constitute, in the words of the legislative history, 'new,' 'entirely different' or 'other' works. *No elements of arrangement or coordination of the preexisting materials contained in the databases provide evidence of any similarity or relationship to the original collective works to indicate they are revisions.*"[20]

In this case, with a few immaterial exceptions, each issue of a regional edition of the *Magazine* was scanned, page by page, into a computer system, creating an exact image of each and every page as it appeared in that edition of the *Magazine*. There are no changes to the content, format or appearance of the issues of the *Magazine* reproduced in the CNG. Each page of each issue appears to the user exactly as it was in the scanned print version of the *Magazine*, including all text, images, advertising and attributions. The issues of the *Magazine* appear chronologically, from the earliest at the beginning of the first CD to the latest at the end of the last. Pages may be viewed only as

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[20] 147 CONG. REC., E182-02, E183 (daily ed. Feb. 14, 2001) (emphasis added).

they appeared in the print versions of the *Magazine*.[84] The material, once it is accessed via the software, is "presented to, and perceptible by, the user" precisely as it appeared in print. In this respect, therefore, it is precisely comparable to the microforms to which the Supreme Court referred approvingly in *Tasini*.[85] It certainly contains "elements that are consistent and recognizable from" the *Magazine* "so that a relationship between the original and the [CNG] is apparent."

Plaintiffs nevertheless resist the conclusion that the CNG is a reproduction or revision of the *Magazine*. While the arguments overlap and are somewhat diffuse, they boil down to two points:

- The CNG contains material that never appeared in the *Magazine* – not only the animated opening sequence and music, Kodak

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[84] Fahey Decl. (*Ward* DI 60) ¶ 9; Fahey Decl. (*Psihoyos* DI 5) ¶ 9-10.

[85] The *Psihoyos* Plaintiffs argue that the CNG is not a revision under Section 201(c) because the original collective work in each case is the particular issue of the *Magazine* in which their works first appeared, not a collection of the 1,285 issues that appear in the CNG. In consequence, they contend, the CNG cannot be a revision of "that particular collective work," i.e., a particular issue of the *Magazine* in which their work appeared. Pl. Opp. Mem. (*Psihoyos* DI 14) 37-38; Psihoyos Pl. Opp. Mem. (*Faulkner/Hiser*) 37-38. In *Tasini*, however, the Supreme Court strongly suggested that this argument lacks merit when it indicated that *The New York Times* probably was entitled to include in its microfilm edition an article first published in a particular daily print number of the newspaper, despite the fact that "the microfilm roll contains multiple editions, and the microfilm user can adjust the machine lens to focus only on the Article, to the exclusion of the surrounding material," because "the user first encounters the Article in context." 533 U.S. at 501, 121 S.Ct. 2381. The same is true of the CNG, and this Court finds the Supreme Court's analysis, although it is *dictum*, persuasive.

advertisements, and in some editions a summary of each article and a closing montage, but software tools including a search engine with advanced search capabilities, save, print and bookmark features, and a hyperlink to NGS's Internet web site.

- The software tools provide the user with an opportunity to have a media experience in using the CNG that is different from simply reading print pages. [86]

As the foregoing discussion indicates, the first of these contentions is without merit. Congress quite clearly intended that the Section 201(c) revision privilege extend to collective works which, like the revision of an encyclopedia, contain original contributions along with new or updated material. Thus, the fact that the CNG contains elements that did not appear in the print editions of the *Magazine* is insufficient to foreclose Section 201(c) protection.[87]

Plaintiffs' second argument is evocative of the Eleventh Circuit's suggestion that the CNG is "a new product ('an original work of authorship'), in a new medium, for a new market" and thus not protected by Section 201(c).[88] That suggestion itself is largely unpersuasive. Every revision is an original work of authorship and therefore a

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[86] Pl. Opp. Mem. (*Ward* DI 65) 6-8; Pl. SJ Mem. (*Ward* DI 64) 27-28; Pl. Opp. Mem. (*Faulkner* DI 85) 7-9; Pl. Opp. Mem. (*Psihoyos* DI 14) 33-36; Pl. SJ Mem. (*Faulkner* DI 77) 7-8.

[87] By parity of reason, plaintiff Ward's contention that the bundling of some CNG products with computer hardware products takes the CNG out of the protection of Section 201(c), *see* Pl. SJ Mem. (*Ward* DI 64) 28, is without merit.

[88] 244 F.3d at 1273.

new product, yet each is protected by Section 201(c). The fact that this product appears in a new medium makes no difference, in and of itself, as media neutrality is a fundamental principle of the Copyright Act.[89] So what remains is the contention that the user experience with the CNG – its easy searchability and other attractive software-dependent features – is so different from that with the *Magazine* itself that the CNG should be regarded as an "entirely different" work.[90]

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[89] *E.g.*, *Tasini*, 533 U.S. at 501-02, 121 S.Ct. 2381 (transfer of work between media does not alter its character for copyright purposes); Mark B. Radefeld, Note, *The Medium is the Message: Copyright Law Confronts the Information Age in* New York Times v. Tasini, 36 AKRON L. REV. 545, 571-72 (2003); Michael A. Forhan, Note, Tasini v. New York Times: *The Write Stuff for Copyright Law?* 27 CAP. U.L.REV. 863, 867 (1999).

The legislative history only "confirms the fundamental principle of medium [sic] neutrality which is the bedrock of the 1976 Act." Def. Mem. (*Psihoyos* DI 11) 16. Indeed, as defendants point out, testimony in hearings before the House Committee on the Judiciary evidences an intent for Section 201(c) to encompass future technology. As George Cary of the Copyright Office stated in response to a question from Representative Kastenmeier about whether the revisions to the Copyright Law could accommodate future technologies, "[y]ou can read the bill from beginning to end and you won't find in it any reference to computers . . . Yet these are one of the coming instruments of communication in the future. We have tried to phrase the broad rights granted in such a way that they can be adapted as time goes on to each of the new advancing media. This is our hope." *Hearing on H.R. 4347, H.R. 5680, H.R. 6831, H.R. 6835 Before the House Comm. on the Judiciary*, Copyright Law Revision, 89th Cong., 1st Sess. at 57 (1965).

[90] Plaintiffs in No. 02 Civ. 6623 rely on *Random House, Inc. v. Rosetta Books LLC*, 150 F.Supp.2d 613 (S.D.N.Y.2001), *aff'd*, 283 F.3d 490 (2d Cir.2002) for the proposition that the interactive nature of the CNG takes the product out of the protection of Section 201(c). Pl. Opp. Mem. (*Psihoyos* DI 14) 40-41. *Rosetta* simply does not stand for that proposition.

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It is difficult to see why this should take the CNG out of Section 201(c). The predominant differences between the *Magazine* and the CNG are the CNG's convenient physical "package" and the software that provides easy searchability, i.e., the animated opening sequence and other such material and the search engine, respectively. Such technological advances have occurred before. Hard as it may be, from a twenty-first century vantage point, to regard the binding of individual issues of periodicals into more convenient stiff backed volumes and the addition of printed indices as technological advances, that is what they were – stiff bindings improved the physical characteristics of the periodicals, and indices are search engines that improved their searchability. Yet no one here suggests that the NGS's bound volumes and its addition of indices infringe the copyrights of individual contributors. And the obvious common sense of that reticence applies to the CNG as well. In each case, the material fact is that the content of the product, whether the CNG or the indexed bound volumes, that users wish to see is identical to the original print versions, the individual issues of the *Magazine*. In each case, the content that motivates purchasers is the underlying collective work for which the plaintiffs granted rights. The fact that more purchasers may be interested because the package is more attractive than a

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The passage quoted by plaintiffs in their brief comes from a passage in which the Court holds that e-books are a different medium than print books, distinguishing the case from "new use" cases within the same media. *Rosetta*, 150 F.Supp.2d at 622-23. It is not disputed here that CNG is a different medium than the *Magazine*. Regardless, the case at bar is distinguishable from *Rosetta*, as the latter was a contract case focusing on licensing contracts and not copyright ownership under Section 201(c).

library full of more than 112 years of monthly copies of the *Magazine* is immaterial.[91]

As the Supreme Court said in *Tasini*, the accommodation struck by Section 201(c) was to allow a freelancer to benefit where "there is demand for a freelance article standing alone or in a new collection."[92] But the CNG is not a new collection. Nor is it, in words the House Judiciary Committee used to articulate the limits of the Section 201(c) privilege, "a new anthology or an entirely different magazine or other collective work."[93] Rather, it is a package that contains substantially everything that made the *Magazine* copyrightable as a collective work – the same original collection of individual contributions, arranged in the same way, with each presented in the same context. It is readily recognizable as a variation of the original. Accordingly, the Court holds that the CNG is a revision of the individual print issues of the *Magazine*; it respectfully disagrees with so much of *Greenberg* as held otherwise.[94]

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[91] So too is another of plaintiffs' contentions, viz. that images and text may be "cut" from a digital CNG "page" and electronically "pasted" into another file or text. *See, e.g.*, Pl. Opp. 56.1 St. (*Ward* DI 66) ¶ 11; Pl. Joint Reply 56.1 St. (*Faulkner* DI 87) ¶ 11; Psihoyos Decl. (*Psihoyos* DI 14) ¶¶ 28-31. The same could be said of the *Magazine*. A user of a print copy of the *Magazine* could physically cut an image from the issue and paste it elsewhere, or reproduce it by photography or electronic scanning. But all of this is beside the point. What is significant is that the plaintiffs' works appear in the CNG in the same context in which they appeared in print, not that a user could remove them from that context by manipulating the storage medium.

[92] *Tasini*, 533 U.S. at 497, 121 S.Ct. 2381.

[93] H.R. REP. No. 94-1476, 94th Cong., 2d Sess. 123 *reprinted in* 5 1976 U.S.C.C.A.N. 5659, 5738 (1976).

[94] As no work of any plaintiff here appears in the Moving Cover Sequence, this Court expresses no opinion as to whether such use

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B. Effect of Section 201(c) on Pre-1978 Works

The Court's previous opinions determined that the NGS owned copyright in some of the Pre-1978 Works while issues of fact exist concerning ownership of others. NGS argues, however, that these issues are immaterial because Section 201(c) protects the use of the Pre-1978 Works in the CNG.

As the Second Circuit said in *Roth v. Pritikin*,[86] "[w]hoever holds an interest in copyright on or after January 1, 1978, has a right to the protections afforded by the new statute [i.e., the 1976 Act], although the creative work may previously have been governed by the 1909 Act or the common law." In other words, the 1976 Act does not "purport to determine who holds a copyright for works created before January 1978. It merely clarifies the rights of individuals owning copyrights on that date, whomever [*sic*] they may be."[87]

The NGS at all relevant times owned the copyrights in issues of the *Magazine* published before and after January 1, 1978. In consequence, the privileges conferred upon it by Section 201(c) as the holder of those copyrights govern regardless of when they were published. Accordingly, to whatever extent that Section 201(c) protects publication of the CNG, it does so regardless of whether the NGS or

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would come within the Section 201(c) privilege. *See Digitial "Revision,"* 70 U. CINN. L.REV. at 1432-33 (§ 201(c) privilege not "an 'all or nothing' scheme under which a collective work is either entirely infringing or entirely privileged").

[86] 710 F.2d 934, 938 (2d Cir.1983).

[87] *Id.*

plaintiffs own the copyrights in plaintiffs' individual contributions. Indeed, plaintiffs do not dispute this point.[97]

C. The Right of NGS and NGE to Invoke Section 201(c)

A number of plaintiffs, but not all, contend that defendants may not invoke Section 201(c) because the copyrights in the collective works, the issues of the *Magazine*, are owned by an entity other than the creator of the CNG.[98] In addition, all plaintiffs argue that the NGS's transfer to them of the copyrights in some of the contributions terminated any privilege it had under Section 201(c).[99]

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[97] This Court previously determined, in ruling on motions addressed exclusively to issues under the Copyright Act of 1909, that plaintiff Fred Ward owned the copyright in a photograph of President Kennedy that appeared in a November 1966 *Magazine* story, "The Living White House," and stated that Ward was entitled to partial summary judgment as to liability for infringement by virtue of its inclusion in the CNG. *Ward*, 208 F.Supp.2d at 448-51. As the prior motions dealt only with ownership of copyright under the 1909 Act, the effect of Section 201(c) was not then before the Court. The summary judgment ruling with respect to infringement of his copyright in this photograph was premature. Given the present holding that Section 201(c) authorized the National Geographic defendants to publish the CNG, Ward is not entitled to judgment with respect to that photograph notwithstanding his continued ownership of the copyright in it.

[98] Pl. Opp. Mem. (*Ward* DI 65) 13-20; Pl. SJ Mem. (*Faulkner* DI 77) 9-13. Plaintiffs' motion for summary judgment in Nos. 97 Civ. 9361 and 99 Civ. 12488 was on behalf of some, but not all, plaintiffs in those two actions, in particular those represented by the firm of Weingrad & Weingrad, LLP.

[99] Pl. SJ Mem. (*Ward* DI 64) 23-26; Pl. SJ Mem. (*Faulkner* DI 77) 17-18; Psihoyos Pl. Opp. Mem. (*Faulkner/Hiser*) 47-48; Pl. Opp. Mem. (*Psihoyos* DI 14) 46.

1. NG Interactive and Mindscape

Certain plaintiffs argue that the revision privilege of Section 201(c) is conferred only on the owner of the copyright in the original collective work, that the CNG was not created by that owner, and that the Section 201(c) privilege therefore does not apply here. Defendants rejoin that NGS's privilege under Section 201(c) is transferable both to its subsidiary, NGI, and to Mindscape.[100] Thus, the Court must address two issues: (1) whether NGI, as a wholly-owned subsidiary of the owner of the copyright in the collective works, is entitled to avail itself of the Section 201(c) privilege, and (2) whether NGS, through its subsidiary NGI, was entitled to license that privilege to Mindscape, for manufacturing and distribution purposes.

a. NGI

As a purely formal matter, there is, as these plaintiffs contend, a separation of the ownership of the copyrights in the collective works and the creator of the CNG. NGS, a not-for-profit entity, owns the copyrights in the issues of the *Magazine*. It licensed its wholly-owned subsidiary, NGV, to use those works. The CNG was created by Interactive, a division of a wholly-owned subsidiary of NGV, NGE. But the substance was different. Counsel to the NGS supervised the clearing of necessary rights and obtaining legal advice with respect to NGS's right to create the CNG.[101] NGS's board of trustees was kept informed of the project

[100] Def. SJ Mem. (*Psihoyos* DI 11) 24; Def. Opp. Mem. (*Faulkner* DI 88) 16.

[101] Def. Rep. Mem. (*Faulkner* DI 90; *Hiser* DI 44; *Ward* DI 71) Ex. O-17A, at 65-66 (Dupre Dep., Sept. 26, 2000).

and ultimately had the power to disapprove the release of the product if it so desired.[102] Thus, the NGS owned the entire beneficial interest in and controlled the product.

Corporations of course are legal entities. In many circumstances, particularly those relating to the question whether their stockholders are personally responsible for their liabilities, the corporate form is respected absent extraordinary circumstances.[103] In construing statutes and contracts, perhaps among other situations, however, courts often focus on economic substance rather than form in order to give effect to the intent of the legislature or the contracting parties.

Sexton v. Nelson[104] is a good example. A California appellate court there upheld the transfer of a lease that contained an anti-assignment clause from a parent corporation to a wholly-owned subsidiary on the ground that the transfer was "merely . . . a change in the legal form of a business and [did] not affect the interests of the party protected by the nonassignable provisions of the [contract]."[105]

The intra-enterprise conspiracy doctrine provides another example. Section 1 of the Sherman Act[106] prohibits contracts, combinations and conspiracies in restraint of trade. Strict regard to the corporate form would compel the conclusion that a parent corporation is legally capable

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[102] *Id.* Ex. O-21A, at 121-22 (Fahey Dep., Oct. 6, 2000).

[103] *E.g., Freeman v. Complex Computing Co.*, 119 F.3d 1044, 1052-53 (2d Cir.1997).

[104] 228 Cal.App.2d 248, 39 Cal.Rptr. 407 (1964).

[105] 228 Cal.App.2d at 259, 39 Cal.Rptr. at 413.

[106] 15 U.S.C. § 1.

of conspiring with its wholly-owned subsidiary. But the Supreme Court has rejected this formalistic view, holding that "the coordinated activity of a parent and its wholly-owned subsidiary must be viewed as that of a single enterprise" and, in consequence, that they are incapable as a matter of law of forming a conspiracy.[107] The Second Circuit has extended this principle to the civil rights laws, holding that a cooperative apartment corporation and its directors are incapable of forming a conspiracy under 42 U.S.C. § 1985(3).[108]

Congress was well aware of the often complex corporate structures of media and publishing enterprises.[109] Nevertheless, plaintiffs have drawn the Court's attention to nothing in the language or legislative history of the Act that suggests that Congress intended to attach any significance for purposes of Section 201(c) to whether a putative revision put out by a part of a particular media group is published by the same corporate entity that owns the copyright in the collective work. Acceptance of plaintiffs' argument thus would alter the balance that Congress struck by attaching legal significance to a purely formal

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[107] *Copperweld Corp. v. Independence Tube Corp.*, 467 U.S. 752, 771, 104 S.Ct. 2731, 81 L.Ed.2d 628 (1984).

[108] *Girard v. 94th Street and Fifth Avenue Corp.*, 530 F.2d 66 (2d Cir.), *cert. denied*, 425 U.S. 974, 96 S.Ct. 2173, 48 L.Ed.2d 798 (1976); *see also Johnson v. Nyack Hosp.*, 954 F.Supp. 717 (S.D.N.Y.1997) (hospital incapable of conspiring with its own officials).

[109] *See Hearing on H.R. 4347, H.R. 5680, H.R. 6831, H.R. 6835 Before the House Comm. on the Judiciary*, Copyright Law Revision, 89th Cong., 1st Sess. (1965) (statements of Burton Lane, president of American Guild of Authors & Composers, and Hayward Cirker, president of Dover Publications).

matter that does not affect any legitimate substantive interest of the authors.

In view of NGS's beneficial ownership of and control of the subsidiaries here in question, they all are parts of the same economic enterprise. They are indistinguishable for purposes of Section 201(c).

b. Transferability of the Section 201(c) Privilege

Assuming *arguendo* that the separation within the National Geographic group between the ownership of the copyrights in the *Magazine* and the production of the CNG is inconsequential for Section 201(c) purposes, several plaintiffs nevertheless argue that the licensing of Mindscape to manufacture, reproduce and distribute the CNG was impermissible under the statute because NGS's privilege to use the individual contributions to the *Magazine* was not transferable. They liken the Section 201(c) privilege to a nonexclusive license, which is not transferable.[110]

The only court to deal with this particular issue, the district court in *Tasini,* rejected the very same argument. Judge Sotomayor there looked to the language of the statute itself and the legislative history to conclude that the Section 201(c) privilege may be transferred or licensed.[111] This Court

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[110] Pl. Opp. Mem. (*Ward* DI 65) 17; *see also* Pl. SJ Mem (*Faulkner* DI 77) 10 ("a non-exclusive license does not transfer any rights of ownership . . . and cannot [be] assign[ed] . . . to a third-party without the consent of the copyright owner").

[111] *Tasini v. New York Times Co.*, 972 F.Supp. 804, 815-16 (S.D.N.Y.1997), *rev'd on other grounds*, 206 F.3d 161 (2d Cir.2000), *aff'd*, 533 U.S. 483, 121 S.Ct. 2381, 150 L.Ed.2d 500 (2001). Neither the

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agrees. No purpose would be served by repeating that analysis.[112]

Accordingly, the Mindscape license does not deprive defendants of the protection of Section 201(c).

2. The Copyright Transfers

NGS transferred to certain of the plaintiffs the copyrights it owned in at least some of the articles and photographs in question. Plaintiffs contend that these transfers conveyed to them whatever revision rights otherwise NGS otherwise might have had and, in consequence, that defendants have no privilege under Section 201(c). The argument, however, is based on a fundamental misreading of the statute.

Section 201(c) presumptively confers the privilege of reproducing the separate contributions in reproductions, revisions, and later collective works in the same series on the owner of the copyright in the collective work "[i]n the

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Second Circuit nor the Supreme Court ruled on the transferability of the Section 201(c) privilege. The Supreme Court stated that "we neither decide nor express any view on whether the § 201(c) 'privilege' may be transferred." *Tasini*, 533 U.S. at 496 n. 5, 121 S.Ct. 2381.

[113] Ward's reliance on the Ninth Circuit's opinion in *Gardner v. Nike, Inc.*, 279 F.3d 774 (9th Cir.2002), also is misplaced. That case concerned the rights of an exclusive copyright licensee to sublicense those rights without the permission of the licensor. As defendants correctly point out, this case is distinguishable in that *Gardner* did not involve a separate copyright in a collective work owned by a publisher. Instead, *Gardner* concerned the classic situation of a company sublicensing its rights to a cartoon character under an exclusive licensing agreement. The court held that the licensee did not have the right to sublicense the use of the cartoon character without the owner's permission.

absence of an express transfer of the copyright or of any rights under it."[113] The privilege is a component of the copyright in the collective work, not the copyrights in the individual contributions included in the collective work. The transfer of copyrights in an original contribution therefore does not affect the privilege of the owner of the copyright in the collective work. Plaintiffs' argument is entirely without merit.

D. Contributory Infringement

The claims against Kodak and Mindscape are for contributory infringement.[114] To the extent that the alleged copyright infringement claims fail, plaintiffs cannot prevail on their contributory infringement claims.[115] Accordingly, the claims against Kodak and Mindscape will be dismissed *pari passu*.

E. The Poster

In 1988, the NGS created a poster to celebrate its centennial that was given to employees, friends of the Society, and as a free gift to purchasers of another NGS publication but never sold. It depicted all covers of the *Magazine* from 1960 forward and certain representative covers predating 1960.[116] The poster thus included cover

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[113] 17 U.S.C. § 201(c).

[114] This Court previously dismissed all copyright infringement claims against Kodak for the Pre-1978 Works. *Faulkner*, 211 F.Supp.2d at 472-75.

[115] *See Matthew Bender & Co., Inc. v. West Publ'g Co.*, 158 F.3d 693, 706 (2d Cir.1998).

[116] Clayman-DeAtley Decl. (*Ward* DI 60) ¶ 2 & Ex. A.

photographs corresponding to three of Ward's stories, albeit greatly reduced in size. The complaint contends that the use of those photographs on the poster infringed Ward's alleged copyrights. NGS seeks dismissal of this claim on the ground of fair use.[117]

The fair use defense is codified in Section 107 of the 1976 Act[118] and requires consideration of the purpose and character of the use, the nature of the copyrighted work, the amount and substantiality of the portion used in relation to the copyrighted work as a whole, and the effect of the use upon the potential market for or value of the copyrighted work. In this case, the use of the individual *Magazine* covers, in essence as part of a photo montage on a celebratory poster representing the long history of the NGS, was transformative.[119] The photographs had been published previously, so plaintiff's interest in controlling first publication is not at stake.[120] In all instances but one, the cover photographs were only a small part of Ward's copyrighted work, and the fact that the entire copyrighted work was used in the last instance does not preclude a fair use defense.[121] Finally, there is absolutely no basis for

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[117] Plaintiff Ward does not contest defendants' factual averments with respect to the poster claim. *See* Def. 56.1 St. (*Ward* DI 60) ¶¶ 40-41; Pl. Opp. 56.1 St. (*Ward* DI 66) ¶¶ 40-41. Defendants' averments therefore are deemed established. S.D.N.Y. CIV. R. 56.1.

[118] 17 U.S.C. § 107.

[119] *See, e.g., Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 818-20 (9th Cir.2003).

[120] *See, e.g., Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 563-64, 105 S.Ct. 2218, 85 L.Ed.2d 588 (1985); *Arica Inst. v. Palmer*, 970 F.2d 1067 (2d Cir.1992).

[121] *See, e.g., Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 417, 104 S.Ct. 774, 78 L.Ed.2d 574 (1984); *Ringgold v. Black Entm't*

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supposing that the use of a very small reproductions of a few of Ward's cover photographs along with scores of other cover photographs in a celebratory poster that never was sold had any detrimental effect on the market for those photographs.

Accordingly, NGS's use of these photographs on the poster was a fair one, and it is entitled to dismissal of this claim.[122]

F. The Request to Declare that Certain Plaintiffs Are Entitled to Registration

Certain plaintiffs seek summary judgment declaring that they are entitled to registration of copyright in certain works.[123]

Section 411(a) of the 1976 Act provides in substance that registration of copyright is a prerequisite to the commencement of an infringement action unless registration has been sought and denied, in which case the applicant may sue "for infringement if notice thereof, with a copy of the complaint, is served on the Register of Copyrights."[124] The Register in such a case may become a party

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Television, 126 F.3d 70 (2d Cir.1997); *Triangle Publ'ns, Inc. v. Knight-Ridder Newspapers*, 626 F.2d 1171, 1177 n. 15 (5th Cir.1980).

[122] Ward's memorandum in opposition to defendants' motion does not argue otherwise.

[123] Douglas Faulkner in No. 97 Civ. 9361 and Sally Faulkner, Jacobson, Sartorelli and Jacobson in No. 99 Civ. 12488. (The notice of motion (*Faulkner* DI 76) purports to seek such relief on behalf of Douglas Faulkner also in No. 99 Civ. 12488. Douglas Faulkner, however, is not a party to that action.)

[124] 17 U.S.C. § 411(a).

on the issue of registerability.[125] If the statute is complied with, the Court may review the denial of registration and allow maintenance of the action if the denial was incorrect. The Court further assumes without deciding that it may direct registration in an appropriate case. But the issue is not properly before the Court.

The revised second amended complaint on behalf of Douglas Faulkner in No. 97 Civ. 9361 does not seek review of any denials of registration or make any other allegations that might invoke Section 411(a).[126] The outside date fixed by the scheduling order, as amended,[127] for seeking further amendment of the pleadings expired long ago. This plaintiff has offered no reason for the belated injection of this issue into that case. But the Court need not rely on that unexplained tardiness.

There simply is no reason to grant declaratory relief here. A declaratory judgment is a discretionary remedy.[128] The purpose of the portion of Section 411(a) that permits a district court in an infringement action to engage in collateral review of a denial of registration by the Register was to facilitate the bringing of infringement actions by

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[125] *Id.*

[126] *Faulkner* DI 57.

[127] According to the amended scheduling order, the final date to amend pleadings in No. 97 Civ. 9361 was July 15, 2000. *Faulkner* DI 9.

[128] *Wilton v. Seven Falls Co.*, 515 U.S. 277, 115 S.Ct. 2137, 132 L.Ed.2d 214 (1995); *Agency Rent A Car System, Inc. v. Grand Rent A Car Corp.*, 98 F.3d 25, 32 (2d Cir.1996); *In re Orion Pictures Corp.*, 4 F.3d 1095, 1100 (2d Cir.1993), *cert. denied*, 511 U.S. 1026, 114 S.Ct. 1418, 128 L.Ed.2d 88 (1994); *Trans Pac. Leasing Corp. v. Aero Micronesia, Inc.*, 26 F.Supp.2d 698, 712 (S.D.N.Y.1998); *Goldberg v. Winston & Morrone, P.C.*, No. 95 Civ. 9282(LAK), 1997 WL 139526, at *3 (S.D.N.Y. Mar.26, 1997).

overruling *Vacheron & Constantin-LeCoultre Watches, Inc. v. Benrus Watch Co.*,[129] which previously had forced an unsuccessful applicant for registration to bring and win an action against the Register to compel registration before commencing an infringement action.[130] As the infringement claims of the relevant plaintiffs all would be without merit even if they were entitled to registration, there is no need to review the Register's actions in this case. Accordingly, the Court exercises its discretion to decline to entertain these claims for declaratory relief.

III. The Common Law Claims

Jurisdiction in these cases is premised exclusively upon the existence of federal questions arising under the Copyright Act.[131] As the federal claims against all defendants

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[129] 260 F.2d 637 (2d Cir.1958).

[130] H.R. REP. No. 94-1476, 94th Cong., 2d Sess. at 157 (1976), *reprinted in* 5 U.S.C.C.A.N. 5659, 5773.

[131] The only federal claims in the complaint in No. 99 Civ. 12385 were for copyright infringement and relief under the Digital Millennium Copyright Act ("DMCA"). Ward's claim under the DMCA was dismissed previously. *Ward*, 208 F.Supp.2d at 449-50.

The situation in No. 97 Civ. 9361 is more complex. The amended complaint (*Faulkner* DI 11) contained a dilution claim under 15 U.S.C. § 1125(c) in addition to the copyright infringement claim. Subsequent to the filing of the amended complaint, however, three plaintiffs in No. 97 Civ. 9361 – Psihoyos, Matrix, and Rickman – terminated Stephen A. Weingrad, Esq., as their attorney and replaced him with Richard F. Schaden, Esq. (*Faulkner* DI 17) Later still, Mr. Weingrad filed a purported Revised Second Amended Complaint in that action which contained no federal claim except for copyright infringement. The caption and body of the complaint listed Douglas Faulkner, Psihoyos, Matrix and Rickman as the only plaintiffs, and the pleading purported to have been filed on their behalves notwithstanding that Mr. Weingrad no longer represented the last three. (*Faulkner* DI 57) Accordingly, the effect of this pleading was to drop Mr. Faulkner's federal dilution claim.

(Continued on following page)

have been resolved in advance of trial, the state law claims[132] will be dismissed for lack of subject matter jurisdiction.[133] In No. 99 Civ. 12385, however, the subject matter dismissal of the state law claims is without prejudice to the filing, on or before December 21, 2003, of an amended complaint adequately alleging not only complete diversity of citizenship, but the requisite matter in controversy.[134]

In view of Mr. Weingrad's lack of authority to act for the others, it was a nullity as to them, which left the amended complaint as the operative pleading in their cases. While there is uncertainty as to whether and to what extent plaintiffs Psihoyos, Matrix and Rickman further amended the complaint, *compare* Yavlovsky Decl. (*Faulkner/Hiser*) ¶ 7 & Ex. 6, *with* docket sheet, their counsel, by letter dated November 25, 2003, formally abandoned the dilution claim previously asserted on their behalves and affirmed that no federal claim, other than copyright infringement, is asserted on by those plaintiffs or plaintiff Austen.

No. 99 Civ. 12488 presents yet another situation. The amended complaint in that action (*Hiser* DI 7) also contained a federal dilution claim under 15 U.S.C. § 1125(c). That pleading, however, was superseded by another revised second amended complaint (*Hiser* DI 40), which dropped that claim.

The complaint filed in No. 02 Civ. 6623 contained both a copyright infringement claim and a claim under DMCA. Plaintiffs' memorandum states that they have stipulated to the dismissal of the DMCA claim. Pl. Opp. Mem. (*Psihoyos* DI 14) 41-42. Although no such stipulation has been filed, the Court deems the claim to have been abandoned.

[132] No state law claims are asserted in No. 02 Civ. 6623.

[133] *United Mine Workers v. Gibbs*, 383 U.S. 715, 726-27, 86 S.Ct. 1130, 16 L.Ed.2d 218 (1966); *Giordano v. City of New York*, 274 F.3d 740, 754 (2d Cir.2001); *see* 28 U.S.C. § 1367(c)(3).

[134] The pleadings in the other cases contain allegations showing that complete diversity of citizenship is absent.

Conclusion

For the foregoing reasons, defendants' motions for summary judgment dismissing plaintiffs' copyright infringement and breach of contract claims [97 Civ. 9361 DI 74 (applicable also to 99 Civ. 12488); 99 Civ. 12385 DI 60; 02 Civ. 6623 DI 5] are granted to the extent that the copyright infringement claims all are dismissed on the merits, save that the defendants' motion in No. 02 Civ. 6623 is withdrawn insofar as it originally sought dismissal of the copyright infringement claims of plaintiff Psihoyos with respect to the two photographs referred to in note 30. All state law claims, to the extent not previously dismissed on the merits, are dismissed for lack of subject matter jurisdiction, the latter dismissal in No. 99 Civ. 12385 being on the basis set forth above.[135] Plaintiffs' motions for partial summary judgment [97 Civ. 9361 DI 76 (applicable also to 99 Civ. 12488); 99 Civ. 12385 DI 58, 62, 63] are denied in all respects.

This ruling determines all remaining claims against all remaining parties in Nos. 97 Civ. 9361, 99 Civ. 12385, and 99 Civ. 12488 save (a) the claims against Dataware, which have been stayed in light of its bankruptcy, (b) the possibility of an amended complaint showing diversity jurisdiction in No. 99 Civ. 12385, and (c) plaintiff Psihoyos' infringement claim in Nos. 97 Civ. 9631 and 02 Civ. 6623 based on the two photographs referred to in note 30.

This decision is likely to be dispositive with respect to Dataware should the claims against it survive bankruptcy. Delay of review of this decision in those actions would subject the parties to continued uncertainty concerning

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[135] There are no state law claims in 02 Civ. 6623.

important legal rights. Nothing that remains to be decided in this Court will affect the fundamental conclusions reached here concerning the interpretation of Section 201(c) of the 1976 Act and its availability to defendants in this case.

Accordingly, the Court determines, pursuant to Fed.R.Civ.P. 54(b), that there is no just reason for delay and directs the Clerk to enter final judgment as follows:

(a) In No. 97 Civ. 9361,

(1) dismissing the claims of all plaintiffs other than Psihoyos against all defendants other than Dataware, and

(2) dismissing all claims by plaintiff Psihoyos except his claims against Dataware and his claim for infringement of his alleged copyrights in the photographs referred to in note 30.

(b) In No. 99 Civ. 12488, dismissing the claims of all plaintiffs against all defendants other than Dataware.

(c) In No. 02 Civ. 6623, dismissing the claims of all plaintiffs against all defendants except for the copyright infringement claims of Psihoyos based on the photographs referred to in note 30.

For the same reasons, the Clerk is directed to enter final judgment dismissing all claims of all plaintiffs in No. 99 Civ. 12385 unless an amended complaint sufficiently showing the existence of subject matter jurisdiction over the state law claims is filed on or before December 21, 2003.

The parties shall appear for a pre-trial conference at 11:30 A.M. on December 22, 2003, in Courtroom 12D.

SO ORDERED.

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT
THURGOOD MARSHALL U.S. COURT HOUSE
40 FOLEY SQUARE
NEW YORK 10007

(Filed Jul. 21, 2005)

At a stated term of the United States Court of Appeals for the Second Circuit, held at the Thurgood Marshall United States Courthouse, Foley Square, in the City of New York, on the 21st day of July two thousand five.

Douglas Faulkner, Louis Psihoyos, Matrix International, Inc., as agent for Roger Hutchings, Sarah Leen and Rick Rickman, Sally Faulkner, David Hiser, David G. Allen, as successor and interest to Arthur Allen, Richard Conniff, Jon Krakauer, John Knoebber, Elizabeth Royte, Joe Baraban, Pamela Wilson Sartorelli, Doranne Jacobson, Jerome Jacobson, David Robert Austin and Fred Ward

Plaintiff-Appellants,

v. 04-0263(L)

National Geographical Society, National Geographic Enterprises Inc., National Geographic Interactive, National Geographic Holdings, Inc., doing business as National Geographic Interactive, doing business as National Geographic Enterprises Inc., MindScape, Inc., Eastman Kodak Co. and Dataware Technologies Inc.

Defendants-Appellees,

A petition for panel rehearing and a petition for rehearing en banc having been filed herein by the appellant Douglas Faulkner, et al. Upon consideration by the panel that

decided the appeal, it is Ordered that said petition for rehearing is **DENIED**.

It is further noted that the petition for rehearing en banc has been transmitted to the judges for the court in regular active service and to any other judge that heard the appeal and that no such judge has requested that a vote be taken thereon.

FOR THE COURT:
ROSEANN B. MACKECHNIE, Clerk
by

/s/ Arthur M. Heller
Arthur M. Heller, Motions Staff Attorney

FILED
NOV - 7 2005
OFFICE OF THE CLERK

Nos. 05-490, 05-504, 05-506

IN THE

Supreme Court of the United States

LOUIS PSIHOYOS *et al.*,

Petitioners,

v.

NATIONAL GEOGRAPHIC ENTERPRISES *et al.*,

Respondents.

FRED WARD,

Petitioner,

v.

NATIONAL GEOGRAPHIC ENTERPRISES *et al.*,

Respondents.

DOUGLAS FAULKNER *et al.*,

Petitioners,

v.

NATIONAL GEOGRAPHIC ENTERPRISES *et al.*,

Respondents.

On Petitions for Writ of Certiorari to the United States Court of Appeals for the Second Circuit

RESPONSE TO PETITIONS FOR WRIT OF CERTIORARI

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November 7, 2005

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QUESTION PRESENTED

Respondents respectfully submit that this Court's review is warranted limited to the following question:

Whether the Second Circuit correctly held, in direct conflict with the Eleventh Circuit, that 17 U.S.C. § 201(c) presumptively authorizes a publisher's exact, image-based reproduction of a collective work in CD-ROM format even if new copyrightable materials (such as an introductory sequence and a computer program) are added.

CORPORATE DISCLOSURE STATEMENT

Pursuant to Rule 29.6 of the Rules of this Court, respondents state as follows:

Respondent National Geographic Society is a not-for-profit educational and scientific membership organization.

Respondents NGE, Inc. (erroneously identified by petitioners in their complaints as National Geographic Enterprises, Inc.) and National Geographic Holdings, Inc. no longer exist, but are previous names of NGHT, Inc., a wholly owned taxable subsidiary of respondent National Geographic Society. Respondent National Geographic Interactive was never incorporated, and was a division of respondent NGE, Inc.

Respondent Eastman Kodak Company has no parent corporation and no publicly held company owns 10% or more of its stock.

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INTRODUCTION

Respondents agree with petitioners that this Court's review is warranted to resolve the direct and acknowledged conflict between the Second Circuit's decision below and the Eleventh Circuit's decision in *Greenberg v. National Geographic Society*, 244 F.3d 1267 (11th Cir. 2001). Indeed, it is hard to imagine a clearer example of a circuit split than the one presented here: the Second and Eleventh Circuits have reached opposite results in applying the *same* provision of the copyright laws to the *same* work. Needless to say, that conflict puts respondents in an impossible situation, because they cannot realistically publish a work that is lawful in three States but unlawful in three others.

The importance of the issue, moreover, far transcends the particular work and parties involved here. This case is about the preservation and diffusion of collective works (including magazines, newspapers, and encyclopedias) for the education and entertainment of future generations. The Copyright Act grants freelance authors the copyrights in their individual contributions to collective works, but grants the publishers of such works a privilege to reproduce such contributions "as part of ... any revision of that collective work." 17 U.S.C. § 201(c). That provision, as this Court has recognized, strikes a balance between the rights of authors and publishers: a publisher may not exploit an individual freelance contribution outside the context of the original collective work, but may revise and reproduce the original collective work itself in a new medium. *See New York Times Co. v. Tasini*, 533 U.S. 483, 497 (2001).

As the Second Circuit recognized below, the Eleventh Circuit upended that balance in *Greenberg*. At issue in both cases is "The Complete National Geographic" (CNG), a thirty-disc CD-ROM set that reproduces each monthly issue of *National Geographic* magazine from 1888 through the late twentieth century. Like microfilm or microfiche, the CNG presents an exact electronic image of the original bound magazines, with pages presented two at a time in the very

same sequence as in the original paper format. Because a user thus encounters all freelance contributions (in the words of the *Tasini* Court) in "the context provided ... by the original periodical editions," 533 U.S. at 499, the conversion to CD-ROM format "represent[s] a mere conversion of intact periodicals ... from one medium to another," *id.* at 502.

The Eleventh Circuit held that the CNG nonetheless did not qualify as a "revision" within the meaning of § 201(c) because it added additional copyrightable material—a 25-second introductory sequence and a computer program—and thereby became a "new" collective work. *See Greenberg*, 244 F.3d at 1272-73. In the Eleventh Circuit's view, the creation of a "new" collective work is inherently inconsistent with the creation of a "revision." *See id.* The Second Circuit squarely rejected that holding, explaining that "a permissible revision may contain elements not found in the original." Pet. App. 21a.[1] The additional materials on which the Eleventh Circuit focused, the Second Circuit noted, "do not substantially alter the original context which, unlike that of the works at issue in *Tasini*, is immediately recognizable." *Id.*

The conflict between the Second and Eleventh Circuit has far-reaching legal and practical implications. The upshot of the Eleventh Circuit's approach is that the owner of a copyright in a printed collective work cannot reproduce that collective work in electronic or digital format, because the change of format will invariably entail the addition of copyrightable material, such as a computer program. In effect, thus, the Eleventh Circuit read the "revision" privilege out of the statute and prevented the owners of collective works from reproducing those works in new media. In an information-based technological society like ours, few issues are of greater importance.

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[1] All "Pet. App." references are to the appendix filed in *Psihoyos v. National Geographic Enters., Inc.*, No. 05-490.

Indeed, in declining to follow the Eleventh Circuit's decision in *Greenberg*, the district court below stressed that "[t]his issue is one of substantial importance to the development of copyright law and to its impact on the dissemination of knowledge." Pet. App. 56a. As the district court explained, if the Second Circuit were to disagree with the Eleventh Circuit on this important issue of federal law, the matter "likely" would end up in this Court for definitive resolution. *Id.* That day has now arrived. Accordingly, respondents respectfully urge this Court to grant review of the question presented in this brief and to affirm the Second Circuit's judgment.

COUNTERSTATEMENT OF THE CASE

A. Factual Background

Respondent National Geographic Society is one of the world's largest nonprofit scientific and educational organizations, with nearly nine million members worldwide. Since its founding in 1888, the Society has published a monthly official journal, *National Geographic* magazine.

For many years, the Society has reproduced back issues of the magazine in bound volumes, microfiche, and microfilm. Pet. App. 4a. With the advent of CD-ROM technology in recent years, the Society in 1997 produced "The Complete National Geographic" (CNG), a thirty-disc CD-ROM set containing each monthly issue of the magazine for the 108 years from 1888 through 1996. *Id.* In subsequent years, the Society produced updated versions of the CNG. *See id.* n.2.

The CNG was produced through digital scanning. *Id.* Because each issue of the magazine was scanned two pages at a time into a computer system, the CNG user sees exactly what he or she would see if viewing the open page of the paper version, including the fold of the magazine. *Id.* Because of some contractual arrangements excluding electronic reproduction, approximately 60 out of 180,000 images have been blacked out in some iterations of the CNG. *Id.* (None of these images is at issue here.) Except

for the blacked-out images in some iterations, there are no changes in the content, format, or appearance of the issues of the magazine: every page of every issue remains as it was in the original print version, including all page arrangements, articles, photographs, graphics, advertising, and attributions. *Id.*; *see also id.* at 64a.

The CNG, like any other CD-ROM product, also contains a computer program. *Id.* at 5a-6a. That program not only compresses and decompresses the images for viewing on a screen, but also allows the user to search an electronic version of the magazine's traditional subject, title, and author-based index. *Id.* at 6a. An article, once retrieved through the search function, appears just as it did in the original paperbound magazine, with all of the surrounding materials from the original magazine.

Whenever a CNG user inserts a disc into a CD-ROM drive, an introductory sequence appears. It begins with a moving display of the Society's logo and theme song followed by a Kodak advertisement, and then a 25-second segment in which ten magazine covers digitally fade into each other. *Id.* Following the initial installation, a user can stop the introductory sequence at any time with the click of a button. *Id.* A graphic display depicting moving spines of the issues of the magazines followed by credits is displayed when a user exits the CNG program. *Id.* (None of the images in either the introductory or the conclusory segments is at issue here. *See* Pet. App. 69a-70a n.94.)

B. Proceedings Below

Petitioners are freelance photographers and authors whose photographs and/or written words were originally published in various printed issues of *National Geographic* magazine. They do not dispute that respondents were entitled to include their individual contributions in the original paper magazines, but contend that respondents violated their copyrights in the individual contributions by reproducing the original paper magazines themselves in the

CNG. Petitioners and their representatives thus brought infringement actions under the Copyright Act of 1976, as amended, 17 U.S.C. § 101 *et seq.*, against respondents.

The district court (Kaplan, J., S.D.N.Y.) granted summary judgment in respondents' favor. Pet. App. 32a-85a. The court first rejected petitioners' argument that the Eleventh Circuit's *Greenberg* decision was entitled to preclusive effect under the doctrine of offensive non-mutual collateral estoppel, concluding that the application of that discretionary doctrine "would disserve the public interest in having the important issue presented here resolved definitively and would be inequitable." *Id.* at 60a-61a.

The court next rejected petitioners' argument on the merits that the CNG was not a privileged revision under § 201(c) of the Copyright Act. *Id.* at 61a-69a. As the court explained, the CNG preserved intact the context of the original collective work, because "[e]ach page of each issue appears to the user exactly as it was in the scanned print version of the Magazine, including all text, images, advertising and attributions." *Id.* at 64a. The court expressly rejected the Eleventh Circuit's conclusion that the addition of any copyrightable material *per se* negated the creation of a "revision"; as the court noted, "[e]very revision is an original work of authorship and therefore a new product, yet each is protected by Section 201(c)." *Id.* at 66a-67a.

A unanimous panel of the Second Circuit (Winter, J., joined by Katzmann and Raggi, JJ.) affirmed in all relevant respects.[2] The court first endorsed the district court's refusal to apply offensive non-mutual collateral estoppel,

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[2] The Second Circuit reversed the district court with respect to five specific photographs governed by specific contracts between the parties rather than the general default rule of § 201(c). *See* Pet. App. 27a-28a. That portion of the decision below is not at issue here.

applying the familiar factors set forth in *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 329 (1979). Pet. App. 18a-19a.

The Second Circuit next agreed with the district court (and disagreed with the Eleventh Circuit) that "The Complete National Geographic" is a protected "revision" within the meaning of 17 U.S.C. § 201(c). Pet. App. 20a-21a. As the court explained, "[t]he CNG presents the underlying works to users in the same context as they were presented to the users in the original versions of the Magazine." *Id.* at 20a; *see also id.* ("[T]he original context of the Magazines is omnipresent in the CNG."). The fact that the CNG includes additional copyrightable elements was not dispositive, the court held, because "these changes do not substantially alter the original context." *Id.* at 21a; *see also id.* at 19a (rejecting *Greenberg*'s holding "that if a subsequent work contains independently copyrightable elements not present in the original collective work, it cannot be a revision privileged by Section 201(c)").

Petitioners subsequently moved for panel rehearing and/or rehearing *en banc*, but failed to garner a single vote. Their three separate petitions follow.

REASON FOR GRANTING THE WRIT

The Second Circuit's Decision Below Squarely Conflicts With Eleventh Circuit's *Greenberg* Decision.

Although respondents prevailed below, they agree with petitioners that this Court's review is warranted because "a United States court of appeals has entered a decision in conflict with the decision of another United States court of appeals on the same important matter." S. Ct. Rule 10(a). The Second Circuit has held that "The Complete National Geographic" is a privileged "revision" within the meaning of 17 U.S.C. § 201(c); the Eleventh Circuit has held that it is not. In the Second Circuit, a publisher may reproduce a printed collective work on CD-ROM even if additional copyrightable materials are added, *see* Pet. App. 20a-21a; in

the Eleventh Circuit, the publisher may not, *see Greenberg*, 244 F.3d at 1273.

The root of the problem, as the Second Circuit recognized, lies with the *Greenberg* court's conclusion that a "revision" cannot include independently copyrightable elements not present in the original collective work. The Eleventh Circuit based that conclusion not on the statutory text, but on the following passage from the legislative history:

> Under the language of [§ 201(c)] a publishing company could reprint a contribution from one issue in a later issue of its magazine, and could reprint an article from a 1980 edition of an encyclopedia in a 1990 revision of it; *the publisher could not* revise the contribution itself or *include it in* a new anthology or *an* entirely different magazine or *other collective work*.

244 F.3d at 1272-73 (quoting H.R. Rep. No. 94-1476, at 122-23 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5738; emphasis added by Eleventh Circuit)). By stringing together the italicized words from that passage, the Eleventh Circuit created the following sentence: "[T]he publisher could not include [the contributions] in an other collective work." The Eleventh Circuit then interpreted that sentence to mean that the creation of a new (or "other") collective work necessarily negates the existence of a "revision." *See* 244 F.3d at 1273. Under this view, the CNG is an "other collective work"—as opposed to a "revision"—because it includes not only the original magazines, but also the independently copyrightable introductory sequence and computer program. *See id.*

That approach, as the Second Circuit explained, *see* Pet. App. 20a-21a, conflicts with the text and structure of the statute. To determine whether an underlying work has been reproduced as part of a "revision" of an original collective work, a court must "'focus on the [underlying works] as presented to, and perceptible by, the user of the [CNG].'"